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The Nation's Business

Let's Face These Facts

This week Canada's Prime Minister made a talk on a subject near to his heart: the place of labor in the modern world. He appeared on the "Let's Face the Facts" series of broadcasts.

A set of facts which the P. M. did not face either in his broadcast or in his administration is giving industrialists and governmental executives some sleepless nights.

Here are the facts:

1. There is a shortage of highly skilled men in many key industries. To keep up to schedules, industry cannot afford to lose even for a month any man whose work cannot be done by someone else.

2. The National Labor Supply Council, appointed by the Government to deal with such questions, recognized the problem and worked out a system of exemptions and "staggered" training.

3. Ignoring the urgent necessities of war supply and forgetting the existence of the Labor Council, the Departments of National Defense and of National War Services decided that there would be no exemptions from the military training drafts.

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This week industrialists were pressing upon Ottawa their claim to be allowed to keep those keymen who cannot be replaced and who are worth—in war effort—as much as a hundred ordinary draftees. Mr. King was forced to turn from the delivery of an academic speech on labor to deal with a real labor problem that had grown up because no one was co-ordinating the war efforts of his various departments. It looked as though some departments of Government were slated to retrace some of their steps so that all could get pointed in the same direction.

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A Businessman For a Business Job

The Minister of Munitions and Supply has two jobs to do. One is a political job, the other is a business job.

The political or "policy" job is shared with the rest of the Cabinet. It is to determine Canada's broad war policy and sell it to Parliament and the public. Taking the advice of experts, the members of the Government must decide the extent and nature of Canada's contribution. They must budget for the cost and decide how the money is to be raised. They must inform and inspire the people concerning the war effort. They must keep all phases of the war programme in focus and achieve full co-ordination between them. They must keep the postwar period in mind in their planning.

Once these important decisions made by the political heads of the country have been made, it becomes a job for men of administrative ability to carry them out.

Of all the administrative jobs in wartime, none is more important than that of supply. It is a business or industrial job above all else. It should be done by a business executive, who is so freed from the terrific pressure of policy-making in respect to other aspects of the war that he can devote full time to getting results in the production of war materials.

Experience in the last war proved that the best results in supply in all countries were obtained when the responsibility of procuring supplies was detached from the larger responsibility of war policy.

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Canada's Minister of Munitions and Supply needs such a chief executive for his prodigious war supply programme. The right man for the job may be in his department now, among the hardworking, able $1-a-year men already there. He may be outside.

Canada's War Supply Boss should be a man of proved ability and experience.

He should be completely detached from politics. He may be a man who would not know how to be elected dog-catcher.

He should have complete authority to set up the best system for getting results.

He should be judged by the effectiveness of the work he does. If he fails he should be immediately replaced.

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Policy and Production

Some suggestions along the above line were made in an interview in Vancouver last week by Horace T. Hunter, president of The MacLean Publishing Company. The next day the Vancouver News-Herald made some scornful remarks about people who suggest that the Government should be freed of politics. It spoke cynically of "the old myth that everything would be hunky-dory if only we turned over the complex machinery of government to the businessmen because they ef-

(Continued on page 2, col. 3)

Lack of Co-ordination Brings Labor Crisis

Confusion on Military Training of Skilled Workers Seen Powerful Example of Ottawa Water-tight Compartment System

From Our Own Correspondent

OTTAWA. — The Government is this week facing the first crisis of wartime industrial production.

The crisis is the result, primarily, of lack of co-ordination between the Labor Department and the department of National Defense and National War Services.

It arises by way of a delegation representing war industries which has appealed this week to Prime Minister Mackenzie King for a reversal of the no-exemption policy of training under the National Training Plan.

In the result, apart altogether from frayed tempers and loss of confidence by industrialists and labor leaders in the efficiency of the Government, the issue now being faced is this:

Is the output of essential war equipment—planes, guns, etc.—to be maintained at the highest possible point? or:

Is the declared policy of permitting no exemptions to national training (30 days during the coming year) to be enforced?

Can't Have Both

The Government, it is now apparent, cannot have it both ways. If 30 days' training for all young men in the age groups called by the National War Services Department (upon instruction of the National Defense Department) is to be made compulsory also for skilled and irreplaceable operatives—then industry must delay deliveries by from three weeks to a month. Letters from the executive heads of these industries to the Munitions and Supply Department declaring their inability—for this reason—to meet their contract dates for delivery, are either now in the hands of Hon. C. D. Howe, or will be within a few days. From the standpoint of industry, the crisis is real and inescapable.

Behind this crisis, however, is a breakdown in the co-ordination of government effort: a story of different departments working desperately hard, yet completely at cross-purposes to forward the war effort. It is a story, in some respects without precedent in our history, of bosses and hired men sitting around the table under government chairmanship, and burying bygone feuds in the one task of winning this war.

And, short of a reversal of government policy, it is a story which ends in frustration and disillusionment. Everything now depends on the Prime Minister and the Cabinet. Lost ground can still be recovered.

Water-tight Compartments

As nearly as the facts can be pieced together, here is the record:

In one apparently water-tight compartment, the National Defense Department and the National War Services Department are working with might and main to organize and carry through the national training plan, under which 300,000 young Canadians will receive, this year, their initial training to defend this country.

They appear to have attacked this problem with determination and vigor: nobody in the selected age groups was to escape training. There must be no exemptions. Their thinking apparently proceeded from the assumption that once you begin to grant exemptions there is no end, and the result must be the destruction of the policy. Therefore the policy was duly proclaimed by Mr. Ralston in the Commons and the National War Services Department proceeded to apply it.

Cross Purposes

In another water-tight compartment the Labor Department, acting under powers conferred by the Government but studied in detail probably chiefly by the Prime Minister, proceeded to bring employers and employees together and iron out by discussion and compromise labor troubles. The general powers and instructions acted upon are contained in P. C. 2685, June 20, which lays down definite principles:

Every effort should be made to speed war production.

Fair and reasonable standards of wages and working conditions are to be recognized.

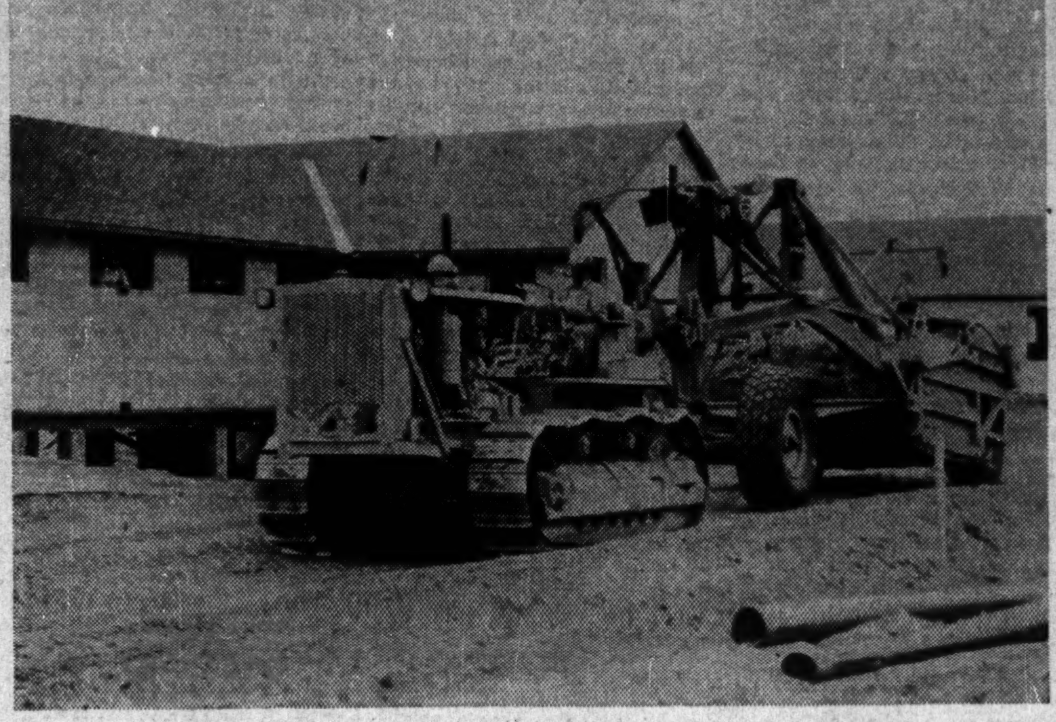
No undue extension in hours of work is to take place.

Strikes and lockouts are to be avoided.

Employees are free to organize and free to negotiate through their trade union or other representatives with employers.

Changes in labor conditions

(Continued on page 2, col. 3)



WAR LOANS AID MAJOR CONSTRUCTION PROGRAMME

Construction of the air fields, runways, hangars, barracks, school buildings and other training structures for the Air Training Plan, is steadily gaining greater scope and continuing at a rapid pace. Latest reports are that all projects are up to schedule and that on some major units, normal building time has been cut in half.

The building programme for the Air Training Plan looms increasingly large in the swelling volume of construction activity in Canada. Of the $40.7 millions of construction contracts awarded in Canada last month, over $26 millions was contributed by awards for war factories and projects for the air training scheme, other defense purposes and public buildings generally. War loans are helping to make this giant programme possible on a pay-as-you-go basis.

See Urgent Need For Inner Cabinet To Unify Canada's War Effort

From Our Own Correspondent

OTTAWA.—A score of men on Parliament Hill are grappling with the task of mobilizing for war the full strength of Canada's resources in men, machines and materials.

In addition to the task of controlling and directing the normal government of the country—which costs approximately $400 millions—they are administering war appoximations now estimated for the current fiscal year at $940 millions.

In the fighting services they have upward of 150,000 men on active service with large numbers in the home militia. In addition, they are now launching on a training plan embracing in the coming year 300,000 men. The navy is growing by leaps and bounds and the air force and air training plan are on an immense and ever growing scale.

On the economic and financial side the entire structure of industry and finance is being reconstructed to fit into the gigantic war machine which is being built up.

Invariably Foundered

The responsibilities resting upon these men are always declarable in terms of acute emergency. This is not a job which can be tackled and carried through piecemeal and at leisure. There is never time for long-range thinking or planning. It is the rule, not the exception, that decisions must be reached long before their ultimate consequences can be appraised. In war a government, perforce, must proceed as does a man in a snowstorm. He can see a little way ahead and the past quickly obliterates itself in the confusion of work done and decisions made.

During the past year Prime Minister Mackenzie King has announced from time to time different ways of organizing the cabinet for war. Various cabinet committees have been appointed to make our war effort more efficient: to co-ordinate the activities of the various departments.

These plans, it is now apparent, have invariably foundered.

Too Much to Do

The cabinet war committees have not functioned efficiently, for the obvious reason that they are composed of men who are immersed in departmental duties. Mr. King, himself, is carrying the load of at least two first-rate executives.

To guide Canada's external relations—including such developments as the defense alliance with the United States—is all that any man could do well. To exercise general supervision over the whole range of government activity is certainly another full-time job. The fighting services now demand the full strength of three ministers and it is evident that the senior minister—Hon. J. L. Ralston—cannot stand the desperate pace of the last six weeks.

So, too, with munitions, equipment and supply. The equivalent work in the last war was child's play compared with this war, yet it took the full time of one of the ablest business executives Canada ever produced—Sir Joseph Flavelle. This time Hon. C. D. Howe grapples with problems far transcending both in scope and in difficulty anything experienced in 1914-18 and, in addition, he retains important responsibilities with respect to radio and civil air operations.

Weakness Not Individual

But in the main the record shows that the weakness is not so much in the individual departments as in the co-ordination of the war effort as a whole.

It is true, as the record will show, that from the outset of the war there has been a lack of initiative, resourcefulness and farsightedness.

But these deficiencies undoubtedly have resulted from eagerness on the part of a government without war experience to follow blindly the advice of the British Government and, as well, from the sheer inability of ministers to shake themselves clear of departmental detail. Anyone who knows Ottawa, and stands away from the daily crush of work, will realize that most of the ministers already have sapped their energy and vitality to a point where they are probably only 50% effective.

Men cannot work from 8 a.m. until after midnight (and perhaps twice a week until 3 or 4 a.m.) eating their meals in their offices, seeing 20 or more visitors per day—men cannot

(Continued on page 2, col. 6)

Big Drive to Assure War Loan Success

Again Calling Upon Canadians to Support Pay-as-we-go Method — Will Give Individual Investor First Chance

Canada's second war loan offers a reminder that three things are essential to the successful waging of war—men, materials and money. Men already have rallied to the colors, factories and workshops are turning out materials and the time again has come to raise further funds.

Last January the committee in charge of Canada's First War Loan estimated 40% of the national income would be required in the next year to meet the cost of the war and other expenditures of all governments in Canada and to finance British purchases here. The need since then has increased considerably, as the tempo of war is at a much faster rate than eight months ago.

45% For War

In the first four months of the current fiscal year, ending March 31 next, expenditure for war purposes was 45% of total expenditure on ordinary, capital, government enterprises, war, etc. As the year advances—factories step up production, more ships are put into operation by the navy, increase is shown in military establishment and air training gets into full swing—the demands on the war chest will become greater.

The former finance minister, Hon. J. L. Ralston, in presenting the budget in June, estimated the war would cost Canada $700 millions at least for the current fiscal year. This figure had been substantially increased by the time the budget was presented, due to further commitments made, and it is generally agreed Canada will be fortunate if the cost of war can be kept down to $900 millions in the 12 months ending March 31 next.

Revenues Increased

A pay-as-you-go policy is being followed as far as is practicable. The Government is slashing ordinary expenditures by $77 millions this year, while revenue from taxes is expected to be at least $116 millions higher than in the 1939-40 fiscal year. But as the ordinary budget is $448 millions this still leaves upward of $500 millions required. This must be borrowed, and the current loan will meet about half of the current fiscal year's deficit.

Another $50 millions is estimated as likely to be subscribed in war savings certificates. This still leaves upward of another $200 millions to be borrowed on war account before the end of 1940-41 fiscal year. It is indefinite, however, as to when another loan will be floated.

Canada, in addition, is carrying part of Britain's war load, in financing United Kingdom purchases in the Dominion. Britain is conserving its foreign exchange and gold as far as possible to finance its tremendous United States expenditures. Canadian purchases are being financed largely by the repatriation of Canadian securities held in London, although some gold is being shipped. As the war advances this supply will become less and the need for loans in Canada through the Dominion Government will increase.

Refunding Issue

The loan includes $75 millions needed to refund a Sept. 1 maturity. This issue was made in 1925 with a coupon rate of 4½%, so with a lower interest rate this time, there will be a saving to the Government on servicing charges. Holders of these bonds may get cash or convert into the new issue.

Organization for the second war loan is somewhat similar to that in January. Five former Finance Ministers, the nine provincial treasurers as well as 200 representative citizens have been chosen for the National War Loan Committee. A series of radio appeals is being carried over a nation-wide hook-up.

Publicity Campaign

The Royal Canadian Air Force on Monday will "raid" cities and towns from coast to coast with leaflets advertising the loan. Sand-bagged emplacements, machine-gun pits and other war displays are planned by soldiers in public squares. Public demonstrations of the changing of the guard and other military ceremonies are being carried out.

It is understood proceeds from the current loan will go entirely to the Canadian war effort—to purchases of war materials, expansion and construction of plants, the armed services.

The campaign is designed the same as in January—to attract the "small" investor—so the reservoir of savings may be tapped before large institutional investors are asked to subscribe. In the first war loan in January the issue was heavily oversubscribed, but allotments to large investors were substantially cut.

No difficulty is anticipated by the Dominion Government in raising the amount considered. Since the substantial oversubscription to the last loan—$200 millions was asked for, $375 millions subscribed—there has been a definite improvement in Canada's position. The improvement has seeped through to the ranks of the wage earner.

Charge Some Blunders Interning Enemy Aliens

Find British Haste Resulted in Canadian Camps Now Confining Number of Distinguished Enemies of Nazism

From Our Own Correspondent

OTTAWA.—One of the most vexing problems of the war, and one with which Canada is virtually helpless to deal, has been thrust on the Government in the interned enemy aliens transferred here from England.

It has developed that many blunders were made, first in interning many of those in confinement, and secondly in sending them here without further enquiry or discrimination. Men violently opposed to the Nazis, though undoubtedly falling under the head of "enemy aliens," are said to be among those languishing in Canadian camps maintained in behalf of the British Government.

There is little the authorities here can do, as in effect they are merely acting as agents for London.

Emergency Policy

Late in June the British Government, anticipating an early invasion, decided to get as many internees and prisoners of war as possible out of the country. The reasons for this are obvious. It was an emergency policy and no time was taken to examine individual cases.

Many hundreds of internees were shipped to Canada. It is now admitted by the British Government (note the recent debates in the House of Commons) that some ought never to have been interned at all. Among the internees are Czechs, Austrians, Poles and Germans who are among the foremost opponents of the Nazis.

To mix such people indiscriminately with their sworn foes is not without danger to them. And, in any event, it is an injustice that they should ever have been interned at all. Indeed, among the internees shipped to Canada are a number of chemists, scientists and specialists whose skill is urgently required in Britain's war industries and at Britain's request these men are already being dispatched home.

Unfortunately many of the documents dealing with these internees have been lost at sea, and this adds to the confusion of the situation. Moreover, it is now known that impersonation was practised in Britain and that many internees came to Canada under false names.

The chief problem arises from the fact that internees, under international law, receive food, clothing and shelter, but no comforts such as razors, soap, toothpaste, tooth brushes, hair brushes, cigarettes, tobacco, reading matter or writing paper. They have no money and no means of obtaining money.

In the case of the anti-Nazis among these men, the hardship on all counts is great. Their reaction under this treatment is reported to be splendid. In some of these camps, educational facilities rivalling, it is said, our own universities, have been organized. And all are taking the rigors of internment philosophically.

British Control

Why doesn't the Canadian Government do something to ease the hardship of these anti-Nazi prisoners? The answer is that with respect to all the men shipped to Canada for safe-keeping, the British Government has retained complete control. The Canadian Government is acting purely as the agent for the British Government and remedial measures must await London's decision.

The debates at Westminster reveal that grave mistakes were made. In the absence of documents, now at the bottom of the sea, the review of individual cases must necessarily be slow. But Sir John Anderson, the Home Secretary, has announced that the case of each individual internee will be reviewed. Meantime, the suggestion is being made that the Red Cross should take a hand in easing conditions for these people.

Make Sure You See—

Famous French Journalist Sees Victory Ahead
Why Britain Will Defeat Hitler—p. 9.

Business After One Full Year of War
Business Level Higher—p. 7.

They Like Gold Better Now
Axis Changes Tune on Gold—p. 15.

Why Pay Succession Duties Twice?
Here is Trouble That Can Be Avoided—p.16.

Will War Industries Be Stalled?
Ottawa Under Fire—p. 3.

The War And Business . . A Weekly Round-up

Cromwell "Kite"?

It is curious how little attention was paid to what was undoubtedly the most important part of James H. R. Cromwell's speech in Toronto last week.

Mr. Cromwell remarked that Christian charity demanded that the populations of the conquered territories in Europe be fed, clothed and housed. America's problem was to know how this could be done without recognizing German conquests and without hampering the British blockade, "that great weapon so vital to ultimate victory."

Mr. Cromwell's suggestion was that Americans feed only peoples of those territories "which shall be unconditionally evacuated by the armed forces of the German Reich."

Mr. Cromwell made this suggestion in the course of his argument that the United States at the present time can do more to assist the Empire's cause by remaining a benevolent neutral than by entering the war.

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There is some reason to believe that Mr. Cromwell's suggestion was a "kite" flown by Washington. Members of the press noticed that there were important last minute changes in the text of his manuscript.

Was President Roosevelt talking to Hitler—through Mr. Cromwell? Was he saying to him in effect? "Get out of Poland, Austria, Czecho-Slovakia, Norway, Netherlands, Belgium and France. The United States will then see what can be done about the reconstruction of these nations. But we do not intend to build them up for the glory of a Greater Reich. And we do not intend to extricate you from the hole you are in—with many millions of hungry mouths to feed, mouths that would not have gone without food if you had minded your own business."

* * *

If the United States was thus speaking to Hitler she was speaking even more to the people of the conquered territories. How content would these people be under Hitler if they knew that the United States was ready to pour food and clothing and gold into their countries the minute the German troops got out?

In Mr. Cromwell's suggestion the United States has an important diplomatic "ace-in-the-hole" against Hitler. More will probably be heard of it from Washington, which seems determined to make the people of Europe realize that their troubles are the product of Hitler and Naziism and nothing else.

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The Public Agrees

If Washington does indeed decide not to send food to Nazi-occupied France, it will be merely lining up with American public opinion. This week's Gallup poll asked the question:

"If there is starvation in France, Holland and Belgium this winter, should the United States try to send food to those countries in our ships?"

The nationwide straw vote on the question brought this answer:

Should send food	38%
Should not send food	62%

* * *

Guns or Men

This week's destroyer-airbase swap was the first of a number of measures planned to bolster both American defenses and British striking power. There will be military supplies for the British, too. The United States has enormous quantities of 75 mm. field guns and Lee-Enfield rifles, and ammunition for both. Britain and Canada need these things and have in fact gotten substantial quantities of them already.

Daily there is less and less pretension of neutrality at Washington. Roosevelt, Hull, Stimson and Knox are determined to keep supplies flowing to Britain. Washington sees such a policy as sound economics; every dollar spent to help Britain defend herself is recognized as cutting several dollars off the ultimate cost of American defense.

As Sir Norman Angell said in New York last week: "It's your guns or your sons; your ships or your men."

The United States defense programme, far from complete, already envisages expenditures of $37 millions in the next six years.

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It is to be noted that the deal this week was the first "swap." For all previous supplies bought in the United States Britain has paid cash—hard American dollars. Many of these dollars have been obtained by the shipment of gold to the United States.

In brief, until this week, American "assistance" to Britain was rendered in return for cash on the barrel-head.

This was put to a big man in Washington the other day by The Financial Post. His reply was, "You are not paying anything. We are taking in exchange your gold at a purely artificial price. We do not need the gold. It is worthless to us."

Canadian economists could argue the justice of that comment; but it is not without significance. It shows that Washington regards continuance of $35 an ounce for gold as one of the strongest weapons it has put in the hands of the British nations.

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More Ships

This week Supply Minister Howe announced a number of new plant investments for war purposes: An $8 millions chemical plant; a $7 millions gun plant; a $2.5 millions rifle plant. These are not entirely new. All have previously been forecast or reported.

Next major move will be a vast extension of Canada's shipbuilding schedule. More steel ships will be added to the present programme that has brought many shipyards out of two decades of idleness and made them scenes of bustling activity.

In addition, a wooden shipbuilding programme on a large scale will be launched on the two coasts.

A further decision is to turn over Canada's Government arsenals to the Department of Munitions and Supply for operation. The transfer will take place as of Oct. 1.

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Mr. Ilsley's Worries

While thinking about new taxes, Finance Minister Ilsley will find lots of problems to occupy his mind. Here are some typical worries:

How to keep salaried workers and wage earners from demanding higher wages to offset their higher taxes.

The temptation will be strong for industry to loosen up on increases and bonuses to staff since 80 per cent of increased profits would otherwise go to the Government. But such increases would expand civilian purchasing power and offset much of the Government's efforts to keep down inflationary forces.

The 2% wage deduction tax was intended to enable every worker to contribute to paying for the war; it would defeat this purpose if the tax were passed on to the public in increased costs and prices, says the Finance Minister.

What to do about exemptions for war charities.

Selecting the charities eligible for the 50% income tax reductions has been a headache. Other war charities feel that the discrimination is unfair. Mr. Ilsley has been urged, at the next session of Parliament, to do away with the 50% exemption and put all war charities under the usual 10%. But the odds are against any change.

How to make Canadians realize their income taxes have been upped.

The majority of taxpayers have taken the increase calmly. Ottawa fears that they have taken it too calmly and may not be budgeting to meet the taxes when they fall due next April 30. Some firms are urging their employees to put regular weekly or monthly deductions into a fund that will be paid over to the employee next April when he needs it. Most people who do not start putting aside regular sums now will not have the money to pay their taxes next spring. And Mr. Ilsley cannot view such a prospect with equanimity.

Officials are discussing a publicity campaign to urge individuals to "budget" their income taxes. Banks may be asked to organize income tax clubs on the line of Christmas Savings Clubs. Mr. Ilsley may follow the example of the City of Toronto and offer tax prepayment privileges.

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Inner Cabinet

The possibility of a central war Cabinet of not more than three members is being discussed at Ottawa. If the plan is adopted, the War Cabinet would probably consist of the Prime Minister, Mr. Lapointe and Col. Ralston.

In that event, Col. Ralston would give up the defense portfolio. The three-man Cabinet would take on general direction of the war effort. General lines of policy would be laid down. Efforts would be made at co-ordination of the work of different departments. The members of the inner Cabinet would be freed of any departmental responsibilities.

If Col. Ralston gave up National Defense it is likely that Maj. C. G. Power, his associate for Air, would succeed to the senior defense post.

The plans are still in the discussion stage. One possible hold-up arises out of the fact that Col. Ralston has been overworking. His friends are urging him to slow down.

Plan to Finish 80 Bombers Early in May

Canadian Associated Aircraft Output of Hampdens Getting Into Swing

From Our Own Correspondent

MONTREAL. — Canadian Associated Aircraft Ltd. will complete the order for 80 Hampden bombers by next May, The Financial Post is informed. The first of these planes for the United Kingdom Air Ministry was test flown three weeks ago. There are now three more planes on the final assembly — or nearing completion — and number two will be flight-tested in a day or so.

Since the first test flight, number one has had further proving and is now undergoing final tests by the U. K. Air Ministry representative. The company is satisfied with performance of the first model.

Production is expected to gain steadily from this point until the order is cleared up.

No Move Yet

What the facilities of C.A.A. will then be turned to is a matter for the U. K. Air Ministry to decide. No intimation of its plans for C.A.A. has been received, but it is believed that there may be additional orders for Hampdens, until it is requested to manufacture another type plane.

The company was formed nearly two years ago and has been building up the organization and undertaking preliminary work on the Handley-Page bomber.

Six associated companies build the component parts for assembly at assembly plants at Malton and St. Hubert. These companies are: Canadian Car and Foundry, Fairchild Aircraft, Fleet Aircraft, National Steel Car, Ottawa Car and Aircraft, and Canadian Vickers. They have each subscribed to $166,666 of the outstanding common stock of $1 million.

Won't Make Martins

Speculation on whether the company would manufacture Martin bombers, the big U. S.-type battlecraft, is without foundation, The Post is told. Recently a Martin bomber was flown to St. Hubert and housed at the C.A.A. assembly plant for several days. This gave rise to rumors that the company was contemplating the manufacture of the Martin plane.

The Hampden is still considered an excellent plane for the purpose for which it was designed and its speed is only slightly less than the top-flight Bristol Blenheim. In some respects it is considered superior. The U. K. is still manufacturing the Hampdens in quantity.

Suspend Sterling Order

C.A.A. received an order for Sterling bombers before the French passed out of the picture. The planes

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MEN'S SHOP

FINE APPAREL FOR MEN

Distinction . . .

There is a certain excellence of material and styling that men the world over appreciate in English Tailored coats. In the Men's Shop you will find a large and varied range of fine English coats . . . both topcoats and "waterproofs", many of them bearing the names of the most famous British manufacturers. When you're next in the Men's Shop, make a special point of inspecting our large selection of "Burberrys" . . . the coats renowned throughout the world for quality and distinction.

BURBERRY TOPCOATS .... $45.00 to $60.00

BURBERRY GABARDINES and WHIPCORDS $45.00

"WATERPROOFS" FROM ENGLAND . . .
Double texture Poplins and Gabardines with shot rayon, or cotton linings; military style pockets and fly fronts .... $16.50 to $30.00

Free Parking While Shopping.

MEN'S SHOP

EATON'S-COLLEGE STREET

The Nation's Business

(Continued from page 1)

ficiently know how to run their own business."

The News-Herald is a little muddled.

No one suggests that government be freed of politics. Politics is "the science and art of government."

But mobilizing a nation's industries for war supply is not a political job. It is an industrial or business job. The politicians decide that it ought to be done. They should then get an industrialist to do it. As he succeeds, the credit will fall, not only on the man himself, but upon the government that was wise enough to select him.

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Loyal Opposition In Wartime

This week Hon. R. B. Hanson, leader of the opposition, was under fire for having made a "political" speech in Toronto. Mr. Hanson was probably not conscious of having made a political speech when he criticized certain aspects of the Ogdensburg conversations.

The incident merely serves to point to the very great difficulty under which any leader of "His Majesty's Loyal Opposition" labors when there is a war on.

His first desire must be to promote national security and to contribute to winning a victory. He must weigh carefully his criticisms and his exposures lest they disunite the country, or give comfort and possibly information to the enemy. Yet he must not give up his rôle of constructive critic. Even in wartime, governments require the spur of analysis and criticism. Canada's government is no exception nor was the Chamberlain government.

As opposition leaders, both Mr. Hanson and Senator Meighen have served their countries well in this war. They have given wholehearted support to Canada's war effort; they have never embarrassed nor frustrated the Government in any effort to get on with that effort. At the same time they have dug hard with their spurs. More than once, the flanks of the Government have bled as these men urged greater speed in preparation.

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If the position of the Opposition leader is difficult the position of the Government too may be difficult. Its actions may be subject to misunderstanding. Take the matter of propaganda—of war information. Canada has a Department of Public Information which daily issues many sheafs of facts and comment on Canada's war effort. Inevitably the material presents the "constructive" side. No public information office in wartime ever issues a press release saying that the production of such and such guns or shells is behind schedule, or that tests on this and that airplane have proved it to be defective.

Thus a steady—and essential—stream of information, that is, to say the least, not unfavorably colored, pours out from the Government departments directly or through the information office.

It is to be expected that members of opposition parties should look with some suspicion upon much of this material; that they should accuse the Government of using the propaganda office to win political support for the party in power. To the opposition, every one of these documents is party as well as war propaganda.

* * *

The public must be kept informed and it must be kept aroused and inspired about the war. Publicity activities are of vital importance. But the Government would be wise to lean backward in avoiding any suggestion of party propaganda in the material it puts out. For instance, is there any need for the constant reiteration in Government speeches, radio broadcasts and press releases, of the fact that the Bren gun is now in production? This is done for political reasons. Why should not there be Bren guns in production after two and a half years? In Britain, Bren guns are now being made, it was announced over BBC short-wave the other night, in a plant that was making sewing machines when the war broke out.

This week when the series of war loan luncheons was organized, the Leader of the Opposition in the House of Commons was invited to make one of the addresses. This was most appropriate and an excellent move by the Government. Perhaps some day the Government propaganda office might even put out in pamphlet form a speech by some member of the opposition. What could better aid in achieving unified support for the war effort?

* * *

Public Payroll Never Dies

Government departments come into being; they expand; but they seldom dwindle in size, and they never die, even when their functions almost disappear.

A striking example of the hardihood of public payrolls is supplied by the Toronto Globe and Mail.

Official records of the Toronto City Hall show that salaries and wages of the unemployment relief branch are no lower this year than they were in 1934, when four times as many individuals were on relief. Here is the record:

1934 ..	$248,480	1938 ..	$249,822
1935 ..	265,000	1939 ..	247,574
1936 ..	257,694	1940 ..	251,800
1937 ..	259,457		

There are now some 28,000 individuals on relief in Toronto. Five years ago there were 114,000, not including single men in hostels.

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A MILLION DEPOSIT ACCOUNTS DENOTE CONFIDENCE

A109

Lack of Co-ordination

(Continued from page 1)

already established by law shall be by mutual agreement, and so on.

At the same time another order-in-council was passed creating the National Labor Supply Council, "to advise on any matters touching labor supply for industry . . . ." This council comprises five representatives of industry and five of labor and an impartial chairman. The five labor representatives actually represent every important workers' organization in the country. This is the first time that full co-operation has ever been obtained between these organizations. The Trades and Labor Congress, the C. I. O., the Catholic Labor Syndicate and the others all combined in this cause. The chairman is A. J. Hills of the National Railways, and the secretary, Humphrey Mitchell of the Labor Department.

Would Maintain Output

Naturally the council at once tackled the problem posed by national training. The council knew, both from its labor and its employer representatives, that if war output was to be maintained exemptions would have to be granted. The problem was to work out the machinery for exemptions so carefully that only the bona fide applications would be approved. And, generally, the council sought the simplest and most efficient means of "staggering" the training among employees of key industries. The decisions finally reached were that irreplaceable men must be exempted; that skilled men whose efficiency would be impaired by training must be exempted; that through postponements and a well-calculated system of calling men, industrial output would not be disrupted.

Just about the time all these details had been worked out and the employers and employees of the country were, figuratively, slapping each other on the back because of hard work well done, the other water-tight compartment burst. The non-exemption policy was proclaimed and acted upon. So far as may be learned the Government, without really knowing of the work done by the Labor Supply Council, nailed its non-exemption colors to the mast.

Hence the crisis.

The case for exemptions, as it has been developed and presented by employers and employees, appears to be unanswerable. The Government must either revoke its policy or face reduced war output.

The reasons are as follows:

War Firms Hardest Hit

The difficult cases arise chiefly, although not entirely, in the new war industries. The expert workers in the older industries are mostly above the training age groups and, anyhow, these older industries are better staffed and therefore better able to do without the services of some of the expert workmen.

The newer war industries, particularly the aircraft and gun industries, have employed and trained younger men. A surprisingly large number of these youngsters have been sent to England since the outbreak of war and have been trained in British war factories. So precious are they that, while many have gone together on one ship, they have always been brought back separately, one man to a ship. These men are irreplaceable and to withdraw them means in many cases that production must either stop or be drastically reduced. All men of this category have volunteered to forego holidays.

There is still another class of men whose efficiency would be seriously impaired by 30 days military training. These are precision workers—men whose margin of error cannot exceed, say, one ten-thousandth of an inch. The greatest asset of such men is their hands. In this respect they are like surgeons. To expose them to 30 days rough camp life would be splendid for their health, but disastrous to their work.

These are the kinds of skilled workmen who cannot be dispensed with, unless war output is to sag.

Indifference?

It is obvious that if Hon. J. L. Ralston had known these facts he would have acted differently. So careful and detailed an administrator would never have driven a policy roughshod over the work done by the Labor Supply Council.

Nevertheless, the crisis which brings the Government face to face at last with this problem of skilled labor in war has behind it a long record of lackadaisical interest, almost a disregard of the whole problem. At no point has our war administration been more slipshod.

Consider the record.

The Government has frequently been told and has itself often proclaimed that this is a war of machines. Exactly one day after Canada declared war—on Sept. 11, to be exact—the Government received from Gen. A. G. L. McNaughton a memorandum on "the supply of skilled men and tradesmen to the armed forces and to industry."

They Were Told

The Government had every confidence in General McNaughton's judgment, as subsequent developments proved, and he was in an exceptional position to know the facts. He had gone as a representative of the Government to England with a delegation of manufacturers in the summer of 1939 to study war production.

Gen. McNaughton in the first paragraph of his memorandum stressed the need of not depriving industry of skilled workers. "Under a system of voluntary service in the armed forces," he said, "there is a probability . . . that many men with the highest qualifications of all sorts will seek active service." This must not be allowed to happen. "Some trades are vital," he went on, "others are less important, and others again can be dispensed with under conditions of national emergency; hence a list of reserve occupations is needed." This list must be based on a list of "essential industries." Enlistment must be denied to men in reserve occupations who are employed in essential industries. In the event that such a man was already identified with the fighting services he must not be called out or commissioned except with the consent of the employer.

Semi-judicial machinery for passing on cases was set out and it was also emphasized that the reserved and essential lists should be fluid and changeable.

General McNaughton also set out in detail the procedure by which men would have been turned back from recruiting depots automatically.

So sure was General McNaughton of the soundness of his argument that in his memorandum he looked forward to the time when even those who had been enlisted under his plan would have to be combed out in behalf of industry at home.

All Advice Ignored

General McNaughton's advice was ignored. So were the protests of industrialists who had to stand aside, impotent, while their staffs were disorganized by enlistments.

On Sept. 19 the Government issued a statement giving in substance the advice of the British Government forwarded to Ottawa with respect to Canada's war effort. The Canadian Government had asked for this advice and it was terse and to the point. Indiscriminate enlistments were not to be permitted. Skilled men must be kept on their machines: men with special qualifications must be used for jobs requiring these qualifications.

This advice was ignored. The policy of indiscriminate enlistment was pursued. Not only was no effort made, under the enlistment policy, to conserve the mechanical skill of Canada, but the same course was followed in the National Training plan—resulting in the present crisis. Today, one year after the Canadian Government received the advice of General McNaughton and the British Government, our war production is reliably reported to be in peril.

Sharp Contrast in Britain

The British policy this past year is in sharp contrast to the policy of Ottawa. At the outset of the war the British Government drew up a list of essential industries and reserve occupations. It is printed as a white paper and no one covered by either category is permitted to leave his job.

This policy was followed from the outset. But, even so, the British Government has found that men have got into the army who should never have been allowed to leave industry. Rt. Hon. Ernest Bevin, Minister of Labor, made a statement in the British House of Commons on Aug. 9. He pointed out that it was not enough to have retained essential workmen in industry. There had been a lack of appreciation of the "enormous need for a rapid expansion of training to meet the requirements of the expanding programme of munition production."

Despite all the precautions taken in calling Britain's men to the colors the Government has had to send many thousands back to the factories. In a recent month, said Mr. Bevin, 3,000 were discharged. And a plan to train 200,000 men a year for war industry has been worked out.

Commenting on Mr. Bevin's speech The Times, London, Aug. 9, says: "It is a commonplace that the war is a war of workshops as well as a war of armed forces: that manpower must be scientifically disposed between the factories and the fighting services; and that to an extent unparalleled, and still increasing, the men skilled in the making and the use of machines are the keymen."

At Ottawa the present crisis concerns only the training plan, but it is not inconceivable that the Canadian Active Service Force, like the British Army, may have to be combed for skilled workmen.

Ministers Unable Unify War Effort

(Continued from page 1)

endure such labor long without impairing their capital of stamina.

Under these circumstances the tendency is for ministers to concentrate more and more upon their own departments: to do the work which is most familiar to them and with respect to which they feel most competent. Their tired, harassed minds cannot be lifted to the levels of broad policy, of co-ordination in the larger sense. They tend to become watertight compartments.

The penalty of lack of co-ordination is confusion and inefficiency in the war effort. It does not have to be paid at once. A country like Canada, on a purely peacetime basis, with immense resources, can squander and mismanage these resources in the early stages of a war without apparent loss. There is so much of everything available that shortages and bottlenecks are not immediately encountered.

Penalty Soon to Be Paid

It is only when the country approaches its full war effort that the improvidence of the earlier policies becomes evident. Then the penalty must be paid and at the very time when it can be least afforded.

That is the stage which Canada is now approaching. Whatever may have been possible in the earlier months of the war, it is now clear that co-ordination and thrift in the disposal of our resources are imperative. Indeed, only by backtracking can the penalty of some of the major mistakes be lessened.

As every industrialist engaged in war work knows, the skilled workmen of this country — comprising perhaps our greatest war asset—have not been used to anything like the best advantage. Nor has the future shortage of such workmen been anticipated to the extent that it might have been. The story of lack of co-ordination with respect to skilled workmen is told elsewhere in this issue.

Where to Concentrate

There is the broader and more vital problem of focusing our power on the type of war effort most needed. This would involve priorities in men, money, supply and equipment. But here again nothing has been done. Our war costs for this fiscal year were estimated by Hon. J. L. Ilsley on Aug. 2 in the Commons at $940 millions (almost as much as Canada spent in the whole of the last war).

It is interesting to study the detail of this estimate. The army is to cost $495,874,939; the navy $123,400,000; the air force $234,292,638; other services $7,550,591; munitions and supply $130,000,000; other departments (for war) $45,000,000.

Obviously this division of the total expenditure does not fit into the picture of modern war. All the experts, as well as the public men in charge of the British war machine, have been declaring that this is a war of machines, of scientific and mechanical skill. If so, why is more than half of our war expenditure earmarked for the army? If this is a war in the air why not shape our effort with this in mind? If our major contribution is to be in sinews of war, why spend so much in supporting 150,000 men on active service?

It is plain that hitherto all Canada's fighting services have been expanding as rapidly as possible. Has anyone or any group of men in authority stopped to think of what must happen if we cannot support indefinite expansion on land, on sea and in the air? Should not a broad policy have been worked out long ago, and certainly now, to which all units in the war programme must conform?

There has been no lack of activity at Ottawa. The cabinet is working a top speed: harder, indeed, than flesh and blood can bear. The orders-in-council for this year now exceed 4,000 and all of them were considered and debated in cabinet. At five cabinet meetings per week, this works out at more than 20 orders per meeting. And, in addition, all manner of other business has been dealt with in cabinet—general policy, proclamations, appointments, legislation and so on.

The solution of this problem of co-ordination is, primarily, the responsibility of the Prime Minister, but again the pressure of detailed work probably prevents him from realizing the dangers of delay.

Judging by British experience both in this war and the last, the best solution, it is urged here by students of the great war, would be the formation of an inner cabinet, a war cabinet, comprising three or four members who, with the Prime Minister at their head, would be free of all departmental duties and able to concentrate upon the fundamentals of war policy. It has been the experience in Britain that without such centralized control efficiency in war is simply impossible. And in studying the record of the last war it is alarming to note how perfectly the criticisms of the Asquith war administration fit the present situation in Canada.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.48	2.72
Can. Amer. Trust	3.00	3.23
Can. Inv. Fund	3.40	3.75
All Can. Trustee	9.30	10.05
Grouped Income	...	5.20
Trans-Canada Shs.	10.15	11.10

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SHAW SCHOOLS

To Finish 80 Bombers by May

(Continued from page 1)

are among the largest military craft in the world, and the task would have been a big one for C.A.A. However, when France collapsed the U. K. Air Ministry had to modify its plans for war in the air substantially. Among the changes made by the U. K. was the suspension of this order.

Whether the order will be replaced when the British readjust themselves to new conditions is not known, but it is one of the possibilities for the employment of C.A.A. facilities.

Supplies for the manufacture of Hampdens have been brought from England, but it is believed that eventually these may be procured in Canada.

Rumors that the company is switching to the manufacture of U. S.-type planes are without foundation, The Post is informed.

There are U. S. models now going into production, which would be a valuable acquisition for the U. K. These will not be coming off in any quantity until next summer. If a Canadian organization were to acquire rights to manufacture these aircraft, it would be many months before plants could be tooled up for their production, and many months more before they could be turned out in quantity.

Now that C.A.A. has swung into production and output will gain considerable speed from now on, it is considered unlikely that the U. K. Air Ministry will switch these facilities for some time from their present work. The time factor is all-important.

Output Will Rise

Difficulties of production and supply are being ironed out and production of Hampdens will rise rapidly, The Post is informed. Preparation for production of modern aircraft is an exceedingly complicated job. For example, there are more parts in a Hampden than in the hull of the Queen Mary. It took the company five months to tool up before assembly could be commenced.

The Dominion Government has made no official pronouncement on its policy regarding plane production, but it is believed that Ottawa would now undertake the manufacture of no plane, parts for which are not available on the North American continent.

The Canadian Government has made no request to use any of the facilities of the Association. It is thought that the Dominion would make no move to interrupt the flow of vital war equipment to Britain.

Lewis C. Ord, general manager of C.A.A. is at present on loan to the British Purchasing Commission in New York City.

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Carleton, County of	Aug.	Bank of Toronto	3½%	10-ins.	$40,250	102.08	3.10%
Halifax, N.S.	Aug.	Stanbury & Co.	....	...	50,000	99.532	.....
Dominion—							
Canada Treasury Bills	Aug.	....	....	Nov. 29	40,000,000	99.840	.641%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Senator Rouyn	Aug.	Milner, Ross & Co., and Draper, Dobie & Co.	6%	4 yr.	$150,000	....	.....

National Steel Car Reports Higher Operating Profits

From Our Own Correspondent

MONTREAL.—Reflecting a greater rate of activity during the year ended June 30, National Steel Car Corp. reports sharply increased operating profit.

An increase of $921,065 in provisions for depreciation and $213,027 greater allowance for amortization of special equipment reduced earnings on the no par common stock to $2.64 a share from $3.59 in the year ended June 30, 1939.

Robert J. Magor, president, states in the annual report that "the highly satisfactory results of the year's operations speak for themselves."

The company spent almost $1 million on the completion of an aircraft plant at Malton, Ont., Mr. Magor states. The corporation's programme of building is now substantially complete.

Assets Increase

The president draws attention to the increase in fixed assets of the corporation and the increase in capital stock outstanding of 45,500 shares. These shares were sold for $1,592,500. This money in addition to a part of earnings was used in building up fixed assets from $6.1 millions at June 30, 1937, to $8.6 millions at the end of the fiscal year under review.

Mr. Magor points out that despite these heavy capital expenditures working capital position remained almost at the same level in the past two fiscal years.

Regarding the company's building programme, Mr. Magor states:

"Your corporation's building programme is now substantially complete and further expenditures will be limited to reasonable amounts that will be required currently for a certain amount of machinery and the completing of general shop facilities.

Other Assets Acquired

"Further to the above, during the year under review, other capital expenditures have been undertaken, totalling in the neighborhood of $1.5 million.

KNOW YOUR COUNTRY

This Canada of Ours!

AGRICULTURE

	Gross Value Field Products	Gross Value All Products
1913	$553,000,000	not available
1929	949,000,000	$1,631,000,000
1933	454,000,000	805,000,000
1939	634,000,000	1,134,000,000

Agriculture is the foremost basic industry of Canada and on it depends the livelihood of at least a quarter of our population. Total values of recent years are much smaller than the late "twenties", explained in the relatively low prices for farm products in the past decade. There has been some recovery since 1933 and values in recent months have shown further increases.

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London Calling

by Atticus

Slap on the Wrist From a Nine-Year-Old — Sir Abe Bailey Big Loss — Egypt's Defense is Heat

LONDON.—G. K. Chesterton once remarked that in France the people, temperamentally, always went to bed on the eve of a St. Bartholomew massacre. "They understand life," he said. "They die daily." I am reminded of this observation by the trials which are set for M. Daladier, General Gamelin, and M. Mandel. The sheer, stark drama of it is almost unbearable. It recalls inevitably the trials of Marshal Ney and Dreyfus, the Jew. The ex-Minister, M. Mandel, is a Jew, but there will be no need for a Zola to devote his fiery eloquence through the years to clearing the accused man's name.

I do not envy those who have to arraign Georges Mandel, for he has a tongue like a rapier and a fearlessness that makes fools out of tyrants and weaklings.

• • •

Clemenceau's Collaborator

M. Mandel is always riding the storm. As Clemenceau's collaborator in the last war his fiery faith in victory consumed the fears of the faltering. When he became Postmaster-General some years later he instituted so many reforms that when at last he left the department the civil servants hooted him off the premises. When M. Bonnet gave a reception for von Ribbentrop, following the signing of the Franco-German pact of eternal peace, M. Mandel refused to attend. "Not because as a Jew I am too proud," he wrote, "but because, by staying away, I speak for France." More than any other man it was he who strengthened the resolution of Daladier to go to war, and, later, became the inspirer of the brave Reynaud. Whatever the result of the trial may be—and the decision has probably been taken already in Berlin—Georges Mandel is certain to become a legendary, heroic figure that will rouse the courage of the French people long after his body is beyond the reach of senile surrenderists or the cruelty of conquerors.

• • •

Sir Abe Bailey

News of the death of Sir Abe Bailey will sadden all his friends here, and they are very many. Though he was a native of South Africa (son of a Yorkshire emigrant) and the main interests of his life were there, his roots had gone deep in the old country, too, and he enjoyed to the full his visits to England.

He had become the most famous of the survivors of the men who settled on the Rand when its vast mineral wealth was being discovered. That was in the days before the Boer War when Paul Kruger was still President of the Transvaal and Cecil Rhodes was making money and dreaming dreams. Bailey knew them both well as he knew every other man who played a leading part in South Africa then and since. He was no narrow partisan. Though he fought against them in the war, this did not prevent his becoming a friend of Botha and Smuts; and his knighthood in 1911 was recognition of his help in bringing about the Union of South Africa.

What were the secrets of his great business success? Some would say his uncommon flair for it. Flair, of course, is important, and may be decisive, but it is no substitute for industry. Sir Abe Bailey was a tremendous worker, masterful and swift, and with a remarkable gift of concentration on what most mattered at the moment. Memory he had so cultivated that he could carry in his mind all the main facts of his mining businesses and his outside investments.

Another distinguishing quality of the man was his courage. A little over three years ago, when he was 73, his left leg was amputated in London and he was soon telling his friends that they could not pull that leg any more. In the following year the other leg had to be taken off—in South Africa; and he could smile as he talked of one being left in London and the other in Capetown.

He was proud of his large circle of friends in this country and liked to have them around him at luncheon and dinner. His hospitality abounded and he was an excellent host, interested in everything and interesting in himself because he was so full of the zest of life.

• • •

In the Middle East

With the advance of the Italians into Somaliland and the threat to Egypt the glare of publicity falls upon Major-General Sir Archibald Wavell, who is our Commander-in-Chief in the Near East. None of us knows how Sir Archibald will use his forces, but it is certain that he will bring to his task audacity, imagination and thoroughness. He is a Scot of 57 years with a fine brain, an unconventional outlook, and a considerable power of self-expression—as his brilliant new book on Allenby shows. He learned Russian in a Moscow family, and attended the British Mission to the Russian manoeuvres at Minsk in 1936. He saw enough of the parachutists corps to be much impressed by their usefulness. In fact, Sir Archibald takes a thoroughly modern view of the Army of today. "A general," he said recently, "should be an adventurer with the touch of the gambler." If he had his way he would have every infantry officer attached to the R.A.F. for six months' training.

PASHA NASHAAT

Sir Archibald Wavell knows his territory thoroughly. He was with Allenby in the glorious Palestine campaign toward the end of the last war. He commanded the British forces in Palestine during part of the troubled years of 1937 and 1938, and he has made pesonal contact with all the senior officers of the Turkish Army. On the whole Sir Archibald has led a full life. His military career has been varied and successful; he is goodlooking with a genuine charm of manner; he hunts, golfs, shoots, skis, and fishes without being a slave to any of these pursuits, and he has had the satisfaction of seeing his son commissioned in his old regiment the Black Watch. Now he faces his greatest hour with a responsibility that few men would envy.

• • •

In Passing

I like cheering news when it comes from an expert.

Dr. Hassan Pasha Nashaat, the Egyptian Ambassador, assured me the other day that Egypt has one defense that cannot be overestimated. "At this time of the year," he said, "the heat of the desert is so intense that European soldiers would die if they tried to cross it."

So Cairo waits and is appropriately calm.

• • •

A Secret Revealed

In these notes recently I remarked that two little girls were in the Ladies' Gallery of the House of Commons on Budget Day and were of such tender years that they might have mistaken it for the Children's Hour. Last week I received a letter which solves the pleasant mystery. It is written in block letters—with none of that silly "joined up" writing—and both in punctuation and condensation it reveals originality and character:

4 Aberdare Gardens
Hampstead N.W.6.
Aug. 5, 40.

Dear Sir.—I am Sheila Morgan nine years old, you are quite mistaken in thinking I did not understand the House of Commons on Budget day, when taxes are imposed, which daddy and other men have to pay.

We really went to see daddy take his seat after bowing to the Speaker and taking the Oath.

I did not mistake it for the Children's hour, which on the radio is not so pleasant as the House of Commons, after we had a glorious time at tea on the Terrace.—Yours cordially.

SHEILA BERYL MORGAN.

I bow my head to this sweet reprimand—and raise it again with new pride in the old Mother of Parliaments. We are definitely more entertaining than the Children's Hour!

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The Post-Bag

Can't Get Home

Canada's new Acting Master-General of Ordnance, Philip A. Chester, has promised to stay at Ottawa only two months. With him also, in civilian executive capacity, is Victor Sifton of Winnipeg.

Mr. Sifton came from the West as a special executive assistant to Col. Ralston to do some "trouble-shooting" in public relations. He intended to stay only a few weeks. Now, having been in large measure responsible for persuading Phil Chester to come east, he, in turn, has agreed to stay a further two monthts

• • •

Stolen Art

Washington reports that German agents are offering art treasures stolen from France, including some of the Louvre, in the United States. Offers are said to be made privately and it is difficult to get confirmation

• • •

Penny Per Plane

In Britain many people are subscribing money to buy airplanes, particularly fighter planes. The magnificent gift of Garfield Weston started something of a craze. Biggest gift to date is that of another Canadian, J. W. McConnell, of Montreal, whose million dollar donation to provide a fighting squadron was everywhere acclaimed as a tremendous patriotic gesture.

But there are smaller gifts, too. Various big business houses and banks have opened funds. On the London Stock Exchange members are asked to subscribe each day a penny apiece for each Nazi plane brought down the day before.

• • •

Pioneering

Last year Canada Packers made industrial history in Canada by reserving a place on its Board of Directors for a representative of the employees. Next step was to provide for a director representing livestock producers.

Now Canada Packers has increased its board again to permit appointment of a Canadian of French race and tongue on the Board.

The moves are logical results of the very progressive views of Canada Packers' president, J. S. McLean.

• • •

World's Biggest

Next time you are listing things wherein Canada leads the world, put this down: Canada has the largest plywood plant in the world. It was created by that genius of the world of wood, Harvey R. MacMillan, who is Canada's wartime timber controller.

• • •

Toronto, the Capital

Newsweek says that plans are being worked out between the British and Canadian Governments to move the capital of the British Empire to Canada, if necessary. Toronto, and not Ottawa, has been selected. It is a good story. But one thing wrong with it is that Toronto's now unoccupied government house is not big enough.

• • •

Pioneers

The Spectator, London, reminds us of what two Britons did for aviation when it was less in the public mind than today.

At the time of the last Schneider trophy race in 1931 there would have been no British entry had not Lady Houston put up the money to buy aircraft and engines. She spent £250,000 after the British Government had decided it could not take part. The result was the production by the Rolls-Royce firm of the prototype of the Merlin engine. The Merlin engine today gives British fighter planes their predominance.

Lord Rothermere commissioned the Bristol Aeroplane Company to produce a commercial airplane to demonstrate to the Air Ministry what could be done. The direct descendant of that machine is the Bristol-Blenheim bomber, now so useful to Britain.

• • •

Allowances Taxed

The Government is planning to get back—via taxation—much of the money it pays its dollar-a-year men in living allowances.

If a man gets an allowance of, say, $20 a day he will have to pay income tax on any portion of it that he does not actually pay out as an expense. If he takes an apartment in Ottawa he cannot charge up his rent and meals as an expense. But he can deduct anything he pays out for expenses other than actual living costs.

In the case of Canada's biggest industrialists this extra pay will be taxed at pretty high rates. In some cases it is possible that the dollar-a-year man would be actually better off not to have any allowance money. Many of them, of course, are not accepting even this in return for their war effort.

• • •

Red Tabs vs Mufti

The matter of uniforms has led to some complications at Ottawa. Most of the businessmen drafted into the Department of National Defense for purely administrative war jobs went there in "mufti" although they may have once held commissions of high rank. They were wise. In one or two cases where men of lesser rank went into uniform they found that the military caste system worked against them.

"Mr. John Smith" in civilian clothes gets the recognition that his job calls for. "Major John Smith" in uniform may be doing the same work but he spends a lot of time waiting outside the doors of brigadiers and major generals who are not accustomed to putting themselves to any inconvenience to see a mere major just because he has an important matter to take up.

• • •

Urges Aid to Britain

Railroad Owners Association of Washington has circularized every U.S. Congressman with a forceful message, the gist of which is, "England is fighting our battle. Let's send her our navy now."

Machinery Czar Has Wide Power

From Our Own Correspondent

OTTAWA.—Of vital importance to every manufacturing industry in Canada is the establishment last week of a wartime control over all types of machinery and machine tools.

Thomas Arnold, of Montreal, who has been managing the government-owned company formed to purchase and allocate machine tools for munitions production, has been named controller.

Under the terms appointing Mr. Arnold as controller, complete authority is vested in him to control the sale, installation, purchase or use of "machinery of every kind machine tools, jigs, dies and gauges now or hereafter made or in course of being made."

In effect, this means that Mr. Arnold has now authority to control the installation or purchase of new machinery of all kinds in every type of establishment whether connected with the war effort or not.

One specific power granted Mr. Arnold is that he may prohibit or restrict "under any conditions" as he may see fit, "any or every person, firm or corporation from making any alterations to or installing any machine tools in any plant, factory, building or place unless licensed by the Controller."

Dominion Coal Output Drops for Third Month

From Our Own Correspondent

MONTREAL.—Production of Dominion Coal Co. last month declined for the third consecutive time. Output of 413,405 tons was off 18,286 tons from the corresponding month last year.

Although May, June and July registered losses, production for the seven months was 18% ahead of the same period last year. Output of 2.9 million tons compares with 2.4 million tons last year.

For some months past labor trouble has been experienced in Cape Breton mines. Contrary to union rules miners have been keeping foreign-name miners out of the mines. Production has consequently slowed up appreciably. Entrance of Italy into the conflict intensified the trouble.

Dominion Steel and Coal Co. is anxious to obtain the best volume of production possible and retardation is a handicap at this time.

Ottawa Under Fire Over Draft Policy

Post Survey of Industrialists Doing War Business Reveals Rigid Military Training Scheme Will Slow Arms Output

Present policy of the Dominion Government in allowing no exemptions in compulsory military training, scheduled to commence in another month, may result in considerable confusion to industries engaged in vital war manufacture, The Financial Post finds in a survey of opinion among leading industrialists.

The feeling among manufacturers interviewed can be summed up in one sentence—exemptions must be allowed.

Exemptions as listed by the Department of National War Services include only the following: judges of the Superior, District or County Courts; members of the clergy and religious orders; members of the naval, military or air forces on active service and cadets entered at the Royal Military College; members of the Royal Canadian Mounted Police and provincial police forces; members of police or fire departments in cities; and wardens and officers of penitentiaries, prisons, lunatic asylums or mental hospitals.

Those which can be classed as war industries include steel, aircraft, automobile, tire and shipbuilding companies. In a lesser, but still important degree, are the textile, mining, power and transportation companies.

Need Co-ordination

There is not only a need for exemptions, to prevent key men being taken out and possibly crippling a whole department, but in all cases executives are found to be in favor of "staggering" the drafts.

In this connection the Department of National War Services announces arrangements are being considered to allow for "staggering." Provision is made for registrars to furnish manufacturers, financial institutions and employers generally with information as to the number of employees to be called out during a year period. How well this will protect industrial needs, however, has yet to be seen and is a point on which businessmen still see no protection.

Where a large number of men in the same age group is employed in one type of work, it is vitally necessary that only a few be taken at one time. The Financial Post has been informed of specific cases where even the loss of a few key technicians for 30 days would completely cripple a plant.

In this connection, one executive suggests there is a need for co-ordinating certain phases of the work of the Labor, National War Services and Munitions Departments at Ottawa in order to avoid the crippling of any individual plant.

It would be possible under present circumstances, one industrialist points out, for a factory to receive an order one day from the Department of Munitions and Supply to operate full out, 24 hours of the day and seven days a week. The next day instructions might come from defense officials ordering to camp a draft of men whom the factory could not do without to fill the war order.

One large electrical company, engaged in filling very important war contracts, claims that whole departments would be closed down—and as a result the whole factory crippled—if there is indiscriminate calling up of classes. This company has equal numbers of key men in every age grouping right through from 21 to 45. These are men who have been trained for years, and the loss of even a few at one time will prove serious. The loss of all in a certain age group at the same time would cripple the entire plant.

Some plants are vitally dependent upon a small group of highly-trained technicians. Even the comparatively small drain on manpower caused during the summer by men volunteering for service and going to camp for two weeks required very careful arranging of leave to prevent interruptions in production.

Hits Tire Companies

As time goes on, and the demand for men for training in the army increases, the problem will become greater.

The first call for the younger men will be felt by companies building tires for armored cars. These companies must employ younger men—from 24 to 30 for the most part—for this work, as this type is a much heavier tire, impossible for older men to handle.

Executives of textile firms also are concerned about the problem. In this industry, the larger proportion of workers are unskilled and older men—not so difficult to replace—but the small percentage of technicians are so vital that even the loss of a few would cripple operations.

Mining Hurt Already

The mining industry has been face to face with trouble already. Industry engaged directly in the manufacture of machines and munitions of war has attracted many of the technicial men trained for years in the mining fields. Replacement has been necessary in some cases by youths just out of technical school.

The compulsory training will draw an abnormally large number in the first classes from the mines, which employ an unusually high proportion of younger men. This situation is even more pronounced in the newer camps—Little Long Lac and Pickle Lake are two isolated instances.

One of the larger northern Ontario mines, with a crew of 270 men, would lose 75 of these in the first draft of men aged 21 and 22. If "staggering" is not arranged in a case such as this, the mine will have to substantially cut its production.

At the same time, pointed out to The ernment claims mini tial war industry w crease its output.

Leamington Chose "OJIBW

PROTECT

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Drawing (from photo) shows how Leamington Waterworks Commission protected their valuable new waterworks with "OJIBWAY" Chain Link Fence. This unclimbable barrier of copper-bearing steel wire, galvanized after fabrication, and sturdy steel posts and toprail, effectively bars trespassers and marauders, lessens guard expense, and gives assurance of e tection. Make assura sure: specify " Chain Link protecti industrial property.

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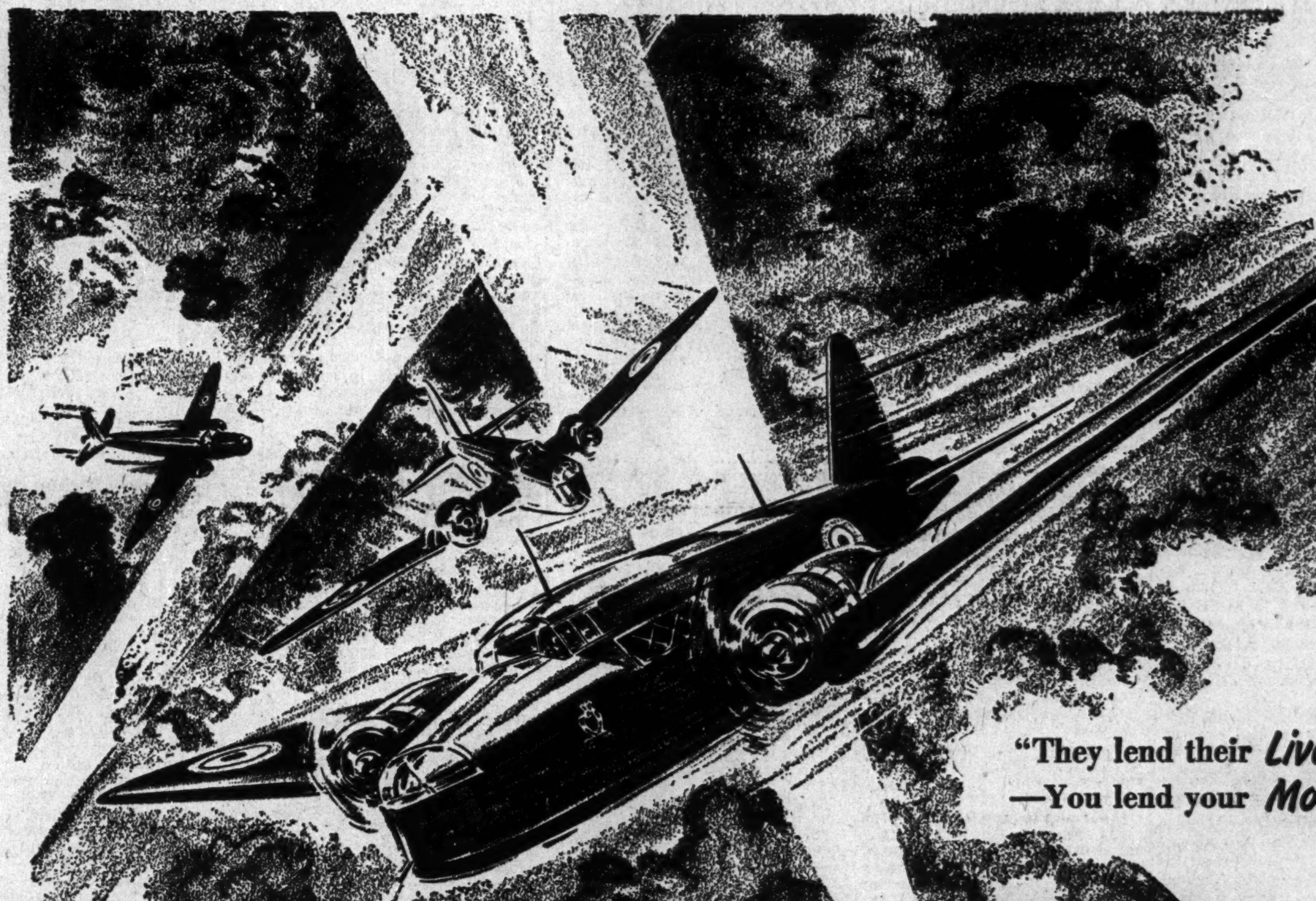


Canada's 2nd War Loan *Swings* into Action

Canada calls again! While the enemy hammers at the heart of the Empire, Canada launches her Second War Loan Campaign. The money is needed NOW for planes, troops, tanks, ships, munitions and guns. It is needed to help Canada win the war—to preserve *your* freedom. Everything you hold dear is at stake, your home, the future security of your family and your country. Now is the time for *you* to act!

Here is your chance to defend the Canada you love—with the dollars you *lend*. At the same time you will receive a good return, in the form of interest, on every dollar you invest in Canada's freedom. Be prepared to buy — and buy generously — Canada's Second War Loan, to be announced on Friday, and on sale beginning Monday. Buy from any investment dealer, bank or stock broker.

THE GOVERNMENT OF THE DOMINION OF CANADA

Buy BONDS to BEAT *Barbarism*

Investment Trends

Stocks Continue Upward With Little Activity

Growing Confidence Still Subject to Shocks From War Zone But Recovery Reaches New Peaks

Judging from the slow upward creep of stock prices lasting since the end of June, the easiest path is higher. There has not been enough strength to the moves to give confidence that this apparent trend could not be upset, but it has given encouragement.

Several things may be happening. In the first place, confidence in the power of British resistance to the enemy is spreading beyond the Empire. There has been a remarkable change in attitude of American observers in recent weeks. From a doubtful attitude they have become confident. Added to this is the wide publicity given to Canada because of the mutual defense negotiations.

Then, there is the strong bond market, bringing record low yields which contrast strongly with the high returns available from stocks. Moreover, these high stock returns are ably supported by current earnings and dividends. In Canada, there are many industries that are working at capacity with corresponding earning power in spite of high taxes. Last week, The Financial Post told the story of the rubber industry in war; this week, The Post tells of what is going on in the primary steel industry.

The recovery path is not going to be all steady going. For one thing, the war is likely to shock confidence from time to time. There is more than a suspicion that our already record level of taxation is not the ultimate peak. Canada and Great Britain are becoming accustomed to interim budgets.

On the basis of current earnings and dividends, as well as the general level of business, stocks seem cheap. On the other side must be remembered the less optimistic wartime attitude toward investments and the inevitable uncertainty from the war.

* * *

New York Interested

Canadian securities continue to receive substantial attention in New York, a welcome change from conditions prevailing for so many months this year. News of mutual defense negotiations gave a needed impetus in the New York market which turned first to bonds.

Word from New York indicates the prevalence of rumors of opening of the American capital market to Canada. In this regard The Annalist makes this comment:

"The American capital market should be opened to Canada, a sister democracy with an excellent credit rating. It is the duty of the United States to aid our northern neighbor in its fight to preserve the freedom of the individual."

This paper suggests that any aid which Canada might get through loans from the Export-Import Bank, as mentioned in last week's Financial Post, would be small and far from adequate. This paper maintains that the private capital market in the U.S. "will have to be placed at Canada's disposal."

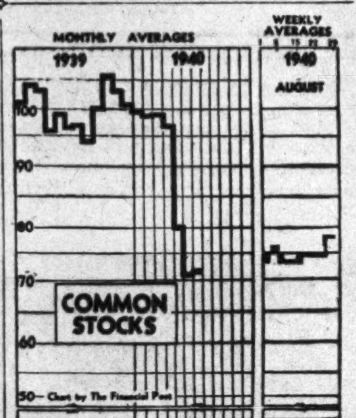
Widespread gains among Canadian stocks listed in New York are interpreted as forecasting the development advocated above. Freer purchase and sale of Canadian securities by Americans would involve some alteration of Canada's exchange regulations. If arbitrage was again permitted the discrepancy between prices for a stock in Canada and the same stock in the United States could readily be erased, leaving these prices to reflect more nearly the prevailing discount on the Canadian dollar.

* * *

Liquidation Slows

Statistics prepared by the Treasury Department at Washington indicate that British liquidation of American securities which held at an average monthly volume of about $20 millions at the outbreak of the war, had declined in June to only $4 millions. The reason generally given for this decline in Washington is that it reflects optimism on the part of Great Britain and indicates that the Government does not believe its immediate purchasing programme in the United States is outstripping available assets.

Actually, the British liquated $4.8 millions of securities in May in the United States market with June unofficially estimated in the further decline of about $1 million. American figures show that Canada liquidated $3.9 millions of American securities in the four weeks ended May 29. Canada led during May in the repatriation of its securities held in the United States, buying back a total of $2.3 millions.



Market Opinions

Action of stocks in reaching higher prices during recent trading gives some encouragement, but considerable caution is still noted.

Magazine of Wall Street, N.Y.—The market continues geared almost entirely to war developments. With the final test of British stamina apparently begun and the outcome unpredictable, a high degree of caution is warranted in investment and speculative policy.

* * *

Barron's, N.Y. (The Trader)—Over a broad coverage, new business for the week ended Aug. 24 was well ahead of a week earlier, which showed a sharp rebound from the preceding low for over four months. The forecast of incoming orders is, therefore, quite favorable for fall business. Business and financial omens in the stock market are all that could reasonably be desired. By and large, the so-called intangibles viz., war, taxes and politics, are less imponderable than a few weeks ago and the less formidable they become, the more assertive become the orthodox influences.

* * *

Brookmire Counselor, N.Y.—The rising trend of stock prices offers added confirmation of the oversold position of the market at recent levels and reflects the prospects for further expansion of earnings. News regarding the battle over England now requires particularly close scrutiny, as the weather deadline for any successful invasion by Germany this season lies just ahead. But alertness to war developments should not obscure the fact that the basic recovery trend, plus the defense stimulus, continue to warrant clients in putting emphasis on progressive types of companies in dynamic industries.

* * *

Financial World, N.Y. — After making full allowance for probable tax increases, the general run of stocks statistically is underpriced in relation to current and indicated future earnings. In times like the present one cannot expect that the normal price-earnings ratio will prevail. But current discrepancies are so wide that there is room for considerable price improvement notwithstanding, furnishing adequate basis for retention of good income stocks. As to the more speculative type of shares, nothing has been lost by postponing purchases thereof during the past several months. And there are no conclusive signs as yet of any immediate change in that situation.

* * *

The Annalist, N.Y.—The market's ability to hold during the reaction of the past week is a favorable development from a technical standpoint. After the recovery of the preceding week some reaction was due, particularly since many leading stocks had reached a level at which they encountered resistance on earlier occasions. The decline, however, was moderate and brought out only a light volume, and recovery of the ground lost indicated a substantial underlying demand for stocks.

On the unfavorable side of the outlook is the fact that stocks are back to an important supply level. Evidently it will take a fairly strong demand to push prices beyond the present uncertainties investors will remain apathetic to the current high levels of earnings and dividend returns.

From a stock market standpoint, the bond market's performance recently has been encouraging.

* * *

Barron's, N.Y. (The Dow Theorist) — With a break through their Aug. 12 highs, the Dow-Jones averages of industrial and railroad stocks have extended the secondary uptrend under way since the lows of May and June.

Such a signal, while highly encouraging on the surface, also constitutes a warning.

The industrials have now recovered 45% and the rails 58% of their primary decline in April and May, and the uptrend is three months old. Most such uptrends stay within the range of one third to two thirds retracement and endure three weeks to three months. Whether the present rise is the first leg of a new bull market, or whether it is an extended recovery in the primary trend, which under the Dow theory is still considered to be down, the experience of 40 years tells us that substantial moves in the stock market are usually corrected later by movements in the opposite direction amounting to at least a one-third retracement.

DISTILLERS SEAGRAMS

From Our Own Correspondent

MONTREAL.—Distillers Corporation-Seagrams Ltd. has notified the Montreal Stock Exchange that the option granted Frank R. Schwengel under agreement of July 28, 1936, and amended Nov. 30, 1939, to purchase up to 10,000 shares of the company's common stock, has been extended to July 31, 1941.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's 95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.3	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	153.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	98.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.8	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	145.8	114.2	102.3	47.1	70.0	35.5	72.5
Weekly Figures												
Aug. 1	94.7	15.3	70.0	105.8	78.2	149.1	119.1	105.8	48.2	71.2	36.7	75.0
Aug. 8	96.1	15.0	68.9	106.2	78.2	151.1	121.5	105.6	48.7	71.7	36.8	75.5
Aug. 15	95.0	15.1	67.7	103.0	75.2	150.0	119.6	104.8	48.2	72.1	36.5	74.5
Aug. 22	97.6	15.1	68.5	102.2	76.0	147.0	118.8	107.0	48.6	72.0	37.0	74.9
Aug. 29	101.3	15.4	67.7	105.5	77.5	151.3	120.7	110.0	48.8	72.3	37.5	77.4

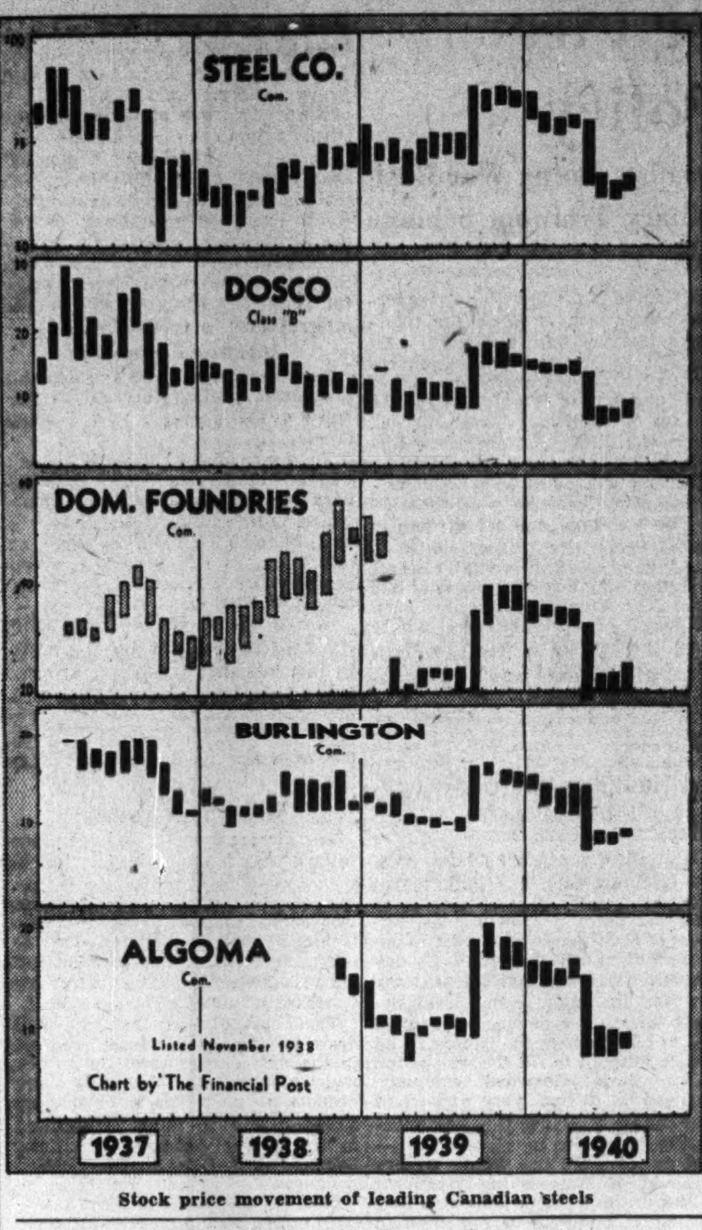
*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchang Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Sept. 3	99.13	96.94	65.73	21.71
Sept. 2	Holiday			
Aug. 31	Holiday			
Aug. 30	98.55	96.18	65.52	20.02
Aug. 29	98.28	94.12	64.04	19.84
Aug. 28	96.86	93.88	64.34	19.91
Month ago	94.22	88.97	62.80	20.35
Year ago	100.04	103.29	85.43	21.20
High, 1940	128.84	123.80	88.97	33.31
Low, 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Sept. 3	53.9	66.0	62.0	90.42	70.28
Sept. 2	Holiday				
Aug. 31	54.3	65.5	61.8	90.44	67.73
Aug. 30	54.2	65.0	61.4	89.11	69.45
Aug. 29	53.8	63.4	60.2	86.10	68.82
Aug. 28	53.9	63.7	60.4	86.14	68.71
Month ago	53.8	61.6	59.0	84.33	65.72
Year ago	59.4	81.2	74.0	94.70	98.33
High, 1940	69.2	92.3	84.4	152.63	100.81
Low, 1940	50.7	56.0	54.7	66.44	55.16



Stock price movement of leading Canadian steels

September Dividends Show Small Decline

After two months in which 1940 dividends exceeded those for the corresponding 1939 months, September this year has fallen below a year ago, according to estimate prepared by The Financial Post.

The decline this month will not be great and final figures may show this drop of $283,000 wiped out entirely.

Figures for the first nine months of 1940 are now available and forecast for the whole year a level of dividend income for Canadians at least as great as that in 1939 and probably higher. To date in 1940, total dividends declared and paid amount to $207 millions compared with $201 millions for the first three quarters of 1939.

	1940 $	1939 $
January	22,938,309	20,670,579
February	6,779,319	7,002,808
March	28,740,412	26,233,492
April	23,487,730	20,895,644
May	7,927,144	6,892,927
June	58,508,850	64,924,477
July	27,675,919	23,543,271
August	6,920,483	6,516,263
September	24,015,672	24,298,569
Total	206,993,838	200,978,030

For the whole of 1939 dividend payments totalled $297.2 millions, down $28.6 millions from 1938. Practically all of last year's drop took place in December, reflecting the changed dividend policy of Imperial Oil and its associated companies.

Several Extras

September figures show extra dividends scheduled for five companies. Agnew-Surpass is paying 20 cents a share extra on its common. Asbestos Corp. is coming along with 15 cents and Canadian Celanese offers 50 cents a share. Two gold mines, Central Patricia and Perron Gold, are contributing their share.

Three mining companies, Broulan Porcupine, Relief Arlington and Surf Inlet, are making initial dividend disbursements in September.

Canadian Ingersoll-Rand has increased its rate of dividend payments with $1 a share scheduled for this month compared with 88 cents a share in June. With the payment of 50 cents a share this month, Kelvinator brings payments for the current year to $1 a share, double the amount paid last year. North American Elevators is paying $1.75 a share on its first preferred, first payment since 1935.

Several concerns are paying lower amounts this month. Among these are included Dominion-Scottish Investments, Granby Consolidated, Hamilton United Theatres and Montreal Loan. Electrolux has deferred all payments. Its last payment was 30 cents in June.

Summary of September Payments

	1940 $	1939 $
Dividends	24,015,672	24,298,569
Bond interest	13,884,000	14,691,000
Total	37,899,672	38,989,569

Dividend Payments

Company	Rate $	Date	Amount $
Agnew Surpass	.40s	2	31,850
Do., bonus	.20	2	15,925
Aluminium	1.50	5	1,116,615
Do., pref.	†1.50q	1	118,494
Ang.-Can. Tele., A	.15q	3	73,065
Asbestos Corp.	.15q	30	90,000
Do., bonus	.15	30	90,000
Assoc. Brew., c.	.25q	30	59,500
Bk. Can. Nationale	2q	1	140,000
Bk. of Montreal	2q	3	720,000
Bk. of Toronto	2.50q	3	150,000
Beattie Gold	▪.04	20	192,505
Bright, T. G.	.07½q	14	7,500
Do., pref.	1.50q	14	11,304
Broulan Porc.	*.03	30	80,820
Calgary & Edm.	▪.10	30	241,510
Canada Cement, p.	1.25q	20	251,086
Can. Dom. Sugar	.37½q	1	562,500
Canada Malting	.50q	14	99,486
Canada Vinegars	.10	2	9,200
Can. Wire & C., A	1q	15	29,669
Do., B	.25q	15	37,665
Do., pref.	1.62½q	15	46,704
Can. Celanese	.25q	30	65,102
Do., extra	.50	30	130,204
Do., pref	1.75q	30	175,000
Can. Inger. Rand	1	4	190,400
Can. Int. Inv. Tr., p.	.50q	3	8,000
Can. Malartic	▪.02	26	73,027
Can. Tube & Steel, p.	1	16	15,000
Can. W. N. Gas, p.	1.50q	3	40,470
Cap. Wire Cloth, p.	.38q	1	3,800
Central Patricia	.04q	28	100,000
Do., extra	.01	28	25,000
Confederation Life	1.50q	30	15,000
Coniaurum Mines	▪.04	25	110,669
David & Frere, A	.25q	30	5,750
Distillers Seag., c.	.55½q	16	972,717
Dom. Ang. Inv., pf.	1.25q	3	16,875
Dom. Envelope, 1st pf.	1.75q	1	7,402
Dom. Fdy. Steel, pf.	1.50q	3	18,000
Dom. Scot. Inv., pf.	.50q	1	24,568
English Elec., A	.62½q	15	26,622
Famous Players	.25q	27	107,631
Ford Motor, A, B	.25q	28	414,740
Gatineau Power, c.	.20q	30	332,363
Granby Cons.	†.15	3	67,539
Hallnor Mines	.15q	4	300,000
Ham. Un. Theat., pf.	1.25q	30	9,070
Hollinger Cons.	.05	9	246,000
Imp. Tobacco	.10q	30	945,103
Do., pref.	3%s	30	240,000
Inter. Mining	†.10q	20	49,157
Inter. Nickel, c.	†.50q	30	7,292,012
Kelvinator	.50	20	50,000
Lake Shore Mines	▪.50q	14	1,000,000
Lake of W. Mill., p.	1.75q	3	26,250
Laura Secord	.20q	1	57,300
Loblaw Groc., A, B	.25q	3	207,089
Louisiana Land.	†.10	14	296,513
Macassa Mines	.08q	16	214,245
McIntyre Porc.	†.50q	3	399,000
McK. Red Lake	.03q	16	88,050
Montreal Cottons	1q	15	30,000
Do., pref.	1.75q	15	52,500
Montreal Loan	.31¼	16	7,500
North Am. Elev., p.	1.75	1	5,524
Noranda Mines	1q	16	2,239,772
Northwest. Util., p.	1.50q	1	15,189
N. S. Light & Pr., p.	1.50q	3	86,430
O'Brien Gold	.05	28	162,500
Ogilvie Flour, p.	1.75q	3	35,000
Pacific Coyle	.03	15	13,203
Paton Mfg.	.50q	15	5,000
Do., pref.	1.75q	15	10,500
Perron Gold	.04q	21	80,000
Do., extra	.01	21	20,000
Photo Engravers	.50s	3	15,000
Pickle Crow	.10q	30	300,000
Pressed Metals	†.25q	3	67,144
Provincial Bank	1.50q	1	60,000
Reliance Grain, p.	1.62½q	16	32,500
Relief Arlington	*.05	23	150,000
Rolland Paper, pf.	1.50q	2	22,500
Royal Bank	2q	3	700,000
Simon & Sons	.15q	28	4,507
Do., pref.	1.75q	28	4,635
Siscoe Gold	.03q	16	139,201
Stuart, D. A., Oil, p.	.20q	3	8,376
Sunset Oils	.01	16	16,800
Surf Inlet	*.01½	16	39,974
Sylvanite Gold	†.05q	30	164,975
Toronto Elevators, p.	.65½q	7	19,447
Union Gas	.20q	14	141,239
Walker-Good.	1q	15	724,004
Do., pref.	.25q	15	140,204
West. Can. Hyd., p.	.20q	2	10,762
Total			24,015,672

Credit Unions Expand In Ontario in 1940

Twenty new credit unions were incorporated in Ontario in the first eight months of the year according to a statement by Hon. P. M. Dewan, minister of agriculture for the province. These new credit unions had upward of 1,601 members and $52,458 assets. Nine credit unions incorporated 10 to 15 years ago which had largely discontinued operations have been dissolved, the minister stated. This makes a net gain of eleven.

At the beginning of September there were 35 active credit unions in the province with approximately 10,410 members and total assets of $1.7 million.

Mr. Dewan states that the 20 charters issued so far this year are distributed as follows:

Urban community credit unions	6
Rural community credit unions	5
Telephone employees	2
Street car and bus employees	2
Printers employees	2
Dominion Civil Service	1
Steel company employees	1
Pulp and paper company employees	1

What War Business Means to Steel Firms

Industry Subject to Sharp Fluctuation Now Offers Investors Chance to Participate in Record Scale of Operations

The primary steel industry in Canada offers investors several opportunities to participate in the record scale of operations now prevailing. Of the companies in which the public is interested, a number have had excellent earnings records while others have had a somewhat more checkered career.

This is an industry more than usually subjected to ups and downs with the business cycle. Right now it is on one of its most promising up periods and this seems likely to continue for the duration of the war at least.

Moreover, the industry has not embarked on any expansion programme which might lead to trouble after the war. With plans laid more for efficient utilization of existing facilities than proceeding with a major expansion programme, the industry remains on a sound foundation.

Algoma Steel

Algoma Steel Corporation has more blast furnace capacity than any other Canadian company. Its four furnaces at Sault Ste. Marie have a total daily capacity of 1,700 long tons.

Algoma Steel has had a new lease on life since its reorganization in 1934. An aggressive management has enlarged the market for the company's products through embarking on new lines of production. Examples are the tin plate mills constructed in 1939 at a cost of $2 millions and doubled during the latest year. Last year also the company installed a plant to make grinding balls for the mining industry. Formerly largely dependent on steel rails, the company has enlarged its line of various iron and steel shapes.

It has a coke oven capacity of 650 tons per day. At present it is the only producer of iron ore in Canada through its Helen Mines now operating with an annual capacity of about 300,000 tons of sintered ore. A bonus from the Ontario Government aids this operation.

Algoma Steel's capitalization includes $2.7 millions of first mortgage bonds, $2.2 millions of 5% preferred and 412,700 common shares. In the year ended April 30, 1940, it earned $1.62 a share on its common, compared with 29c a share in the previous year. Dividends on preference stock have been paid from the first of 1940 when they became cumulative.

Burlington Steel

Burlington Steel Co. is one of the smaller units in this industry. It operates no blast furnaces but through a large electric furnace produces primary steel used in the construction industry and for general manufacturing.

Its plant is at Hamilton where an experienced management has established a favorable record of consistent earnings. Last year the company earned 79 cents a share on its common while paying dividends of 60 cents Indications of the early months of 1940 are that this year will show considerable improvement over 1939. The company has no funded debt, its only capitalization being 140,000 common shares.

Dominion Foundries

Dominion Foundries & Steel Ltd., Hamilton, has a remarkable record of growth over the past seven years. Each year since 1933 has seen net profits substantially above the preceding year, growth over the period taking the 1933 net of $32,562 up to $1.2 million in 1939.

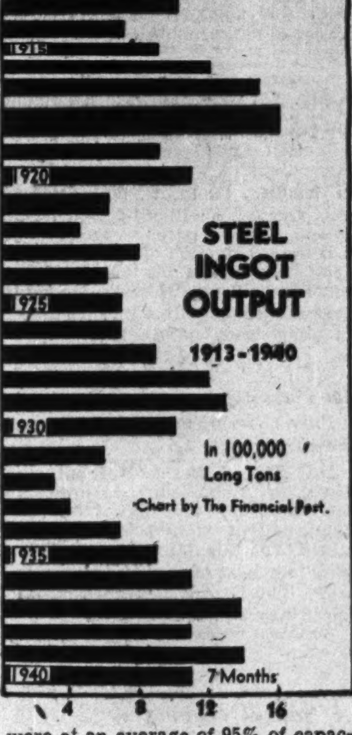
Diversification of output has apparently been the formula which has shown such success. Ten years ago this company depended largely on heavy steel forgings and castings for its major activity. Now it is such specialties as tin plate, blue steel plate and similar light steel products that have become most important. This lessens the dependence on heavy steel users and gives a stability not often found in steel mill operations.

Operations this year have been at, or near, capacity of the company's plants. Earnings are also said to be keeping pace. Last year the company earned $3.47 a share on its common against $3.36 a share for 1938. Regular $1 a share dividends are paid. Dominion Foundries does not produce pig iron but operates steel-making furnaces for its own requirements. The company is Canada's sole producer of armor plate and is also making anti-aircraft gun barrel forgings. A heavy expansion programme has added greatly to facilities, and last units have gone into operation within the past few days.

Dosco

Dominion Steel & Coal Corp. is a fully integrated iron and steel company, as well as being one of the big three in the Canadian primary steel industry. From its own mines in Newfoundland the company produces iron ore for its own blast furnaces and exports large quantities to the United Kingdom. From coal mines in Nova Scotia the company supplies its own needs and ships large quantities as far west as central Ontario.'

Heavy expenditures on new and improved equipment in recent years are going to be of great help in this period of striving for production of every possible ton of iron and steel products. Steel operations last year were at an average of 95% of capacity over the whole year. This year even higher levels have been reached.



Steady improvement has been made in this company's financial position in recent years. Capital structure has been simplified until now the company has only $4.4 millions of 6¼% cumulative income bonds outstanding, on which full interest is paid regularly. Its only share capital consists of 1,039,083 class B common which have long been a favorite trading medium among Canadian investors. No dividends have been paid on the class B although earnings and financial position appear to justify such action before long. Last year Dosco earned $1.28 a share on its class B compared with $1.19 a share in 1938. The best year in the company's history was 1939, but it looks quite possible that 1940 will set new records, subject only to the effects of sharply higher taxation scales.

A subsidiary, Dominion Coal Co., has $6.5 millions of bonds outstanding and a preferred issue of $5.6 millions in the hands of the public. An important subsidiary, Eastern Car Co., is active in the production of railway cars, while another subsidiary, Halifax Shipyards, has received large orders from the Government for the production of ships of various kinds.

Steel of Canada

The Steel Co. of Canada has established a position as one of Canada's premier investment securities. This company's two blast furnaces at Hamilton have a daily capacity of 975 long tons. Record levels were attained with the company in 1939, due, principally, to the extraordinary demand following the outbreak of war. Steel production reached figures never before attained in the history of the company, made possible only because of important expenditures for new equipment.

A new tin plate plant started operation in July. At Hamilton work on a new 110-in. plate mill is proceeding according to schedule, which calls for completion early in 1941.

Demand for the company's products continues to support operations at a rate approaching the capacity for the first half of 1940. Export bookings have made up any deficiency in domestic orders, and sales to the end of July this year were considerably above those for the same period of 1939, both in tonnage and in value.

The company has no funded debt, having paid off the remaining balance of its 6% first mortgage bonds when they became due on July 1. This leaves 259,852 7% cumulative preference shares and 460,000 ordinary shares. Earnings per share on the combined preference and ordinary shares were $6.51 a share in 1939 compared with $4.24 a share in 1938. The preference shares participate with the common after the ordinary shares have received dividends equal to those paid on the preference. Regular dividends of $1.75 a share are paid in both preference and common plus an equalizing dividend of $2 a share on the common. Following this payment $2 a share remains to be paid on the ordinary before the preference shares can participate.

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Munitions Plant May Bring Power Shortage

From Our Own Correspondent

LETHBRIDGE.—Southern Alberta is not only grappling with a shortage of wheat storage but with another kind of a shortage as well—a power shortage.

The Calgary Power Co. supplies hydro power to most of the towns and rural districts of southern Alberta and it has a working agreement for the exchange of power with the city of Lethbridge. But with the development of secondary industries and the expansion of the Air Training Plan, the demand for current has increased rapidly.

Now comes the announcement of the $8 millions chemical plant to be operated as a development linked with the general war effort. The Canadian and British Governments are behind the new industry which, it is said, will mean the expenditure in the province of $20 millions in the next 12 months. Work on the plant has already started and when construction reaches its peak some 330 men will be employed.

In electric power the plant will use in a day as much as the whole city of Calgary.

Lethbridge has placed an order with a Newcastle-on-Tyne firm for a new hydro-generator unit, to cost over $100,000, but it is doubtful if the new equipment can be laid down here before a year's time on account of the war.

There's INSPIRATION in INDUSTRY

Day in and day out, technicians are constantly at work in G.L.A. laboratories, seeking new methods to improve G.L.A. Products. The result of their endless experimentation may not always be immediately apparent, for scientific advancement is necessarily slow, but on this foundation of research is based the reputation of G.L.A. as Canada's foremost manufacturers of building products.

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Bond Markets

Double Purpose Served By New War Loan

Will Help Finance War and Divert Funds Away From Non-War Production — Sask. Maturity Watched

The second Dominion war loan, due Monday, can be regarded as serving two purposes. First, it will provide badly needed funds to finance the war effort.

Secondly, it will divert funds from non-essential war purposes, thereby having an important effect in stalling off, or preventing inflation.

A period of comparative inactivity is seen for the bond markets until the loan is absorbed. The Government has under way a publicity campaign of such magnitude as to turn most, if not all, attention of investors from other buying until the war loan has been taken up.

Investors will be watching closely for news on the heavy $3 millions Saskatchewan maturity on Oct. 1. Market sentiment is optimistic of refunding being arranged.

* * *

Problem Province

The problem province, Saskatchewan, has another $3 millions of bond maturities to be met October 1. It presents somewhat of a different situation from the $3 millions issue maturing July 1, last, which was refunded with a two-year issue.

The July 1 maturity was a short-term, one-year issue floated in 1939, mostly held by institutions and consequently involving no large outlay of new money. The October 1 maturity is a 6% long-term issue sold in 1920, which is somewhat more widely held and, to refund, would require considerable outlay of new money.

Market sentiment leans toward the feeling that a refunding will be arranged. There appears to be good demand for the bonds, with bids at about 95 and offerings scarce. The province should be able to make some saving in interest charges in any refunding scheme, as the maturing issue has a coupon rate of 6%. Cost to service the issue now is $180,000 per year, while if the refunding could be arranged with a 4% coupon, the province would be saved $60,000 per year.

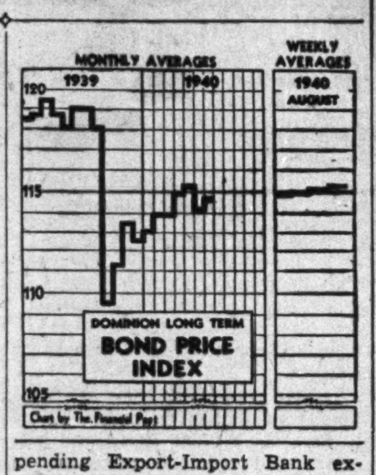
* * *

New York Watches

U.S. specialists in foreign government bonds were quick to perceive the brighter prospects for Canadian loans as a result of the agreement, notes the New York Journal of Commerce. But the longer-term aspects of the development, which happens at a time when Canada is preparing to seek $300 millions in new money, are held to be even more significant.

The current war budget of Canada will probably necessitate the flotation of at least $460 millions in new securities and perhaps $150 millions more if Britain withholds certain payments on Empire expenditures temporarily drawn from Canadian coffers, the Journal of Commerce estimates. With a debt nearing $4,500 millions, Canada's refinancing plans can be greatly facilitated by friendly overtures from the United States, it is noted.

Moreover, the paper states, the pending Export-Import Bank expansion bill would, under its present terms, provide a further supply of capital for Canada.



* * *

Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 115.5 for week ending August 2 was up 0.2 points from the previous week. It was up 0.3 points from the same week of last year and up 0.6 from the corresponding week of the previous month.

DOMINION OF CANADA
Long-term Bond Index

	Latest week Aug. 22-29	Preceding week Aug. 16-22	Weekly average year ago
Price	115.5	115.3	115.2
Yield	71.5	71.9	71.4

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NEW DIRECTOR

Election is announced of A. L. Ainsworth, Toronto, as a director of Rogers-Majestic Corp. Mr. Ainsworth is vice-president of the John Inglis Co. and president of DeForest Crosley Ltd. The latter is a wholly owned subsidiary of Rogers-Majestic.

Can. Breweries Earnings Up

Latest Quarter Continues Gains Shown For Past Year

Canadian Breweries Ltd. reports net profit of $322,261 for the three months ended July 31, 1940. This compares with $316,148 for the corresponding quarter a year earlier.

The company does not issue cumulative figures for the first three quarters of its year which ends Oct. 31 but adding up the three interim quarterly statements issued, net profits for the nine months ended July 31 this year amount to $599,050 compared with $368,308 for the corresponding portion of last year. These figures are before provision for income taxes and minority interests.

In the 12 months ended July 31 this year, Canadian Breweries earned $3.81 a share on its preferred stock against $2.68 a share in the corresponding 12 months a year ago after provision for taxes and minority interests. Regular $3 a share dividends are now being paid.

Income Account
12 Months Ended July 31

	1940 $	1939 $
Operating profit	1,477,713	1,085,011
Add: Other income ..	72,684	126,457
Gross earnings	1,550,397	1,211,468
Less: Interest	116,529	105,333
Depreciation	457,987	451,460
Income taxes	285,802	148,079
Minority interest ..	[illegible],545	68,423
Net profits	621,534	438,173

Working Capital
As at July 31

	1940 $	1939 $
Current assets	3,523,378	2,7[illegible],404
Current liabilities	1,478,430	1,146,8[illegible]7
Working capital	2,044,948	1,643,587

Loblaw Profits Show Increase

Sales Up 25% — Company to Continue Expansion Programme

Substantial increase in earnings is reported by Loblaw Groceterias Co. for 53 weeks ended June 1, last, as compared with the previous 52 weeks. Net profit is equal to $1.64 per share on the classes A and B stocks, an increase of 15 cents per share from the 1938-39 period. Sales of $28.7 millions are up almost 25%.

The improvement, J. Milton Cork, president, notes, has been shown "in spite of the keen competitive situation in the retail food industry." The company is subject to the new "excess" profits tax for the final five months of the latest fiscal year, and provision has been made for the increased taxes. Tax provision for 1940 is $550,000, more than double last year's $262,000.

The present programme of expansion and remodelling of stores will be continued, according to Mr. Cork, to meet the increased demand.

Profit on U.S. Shares

The investment in shares of the capital stock of Loblaw Groceterias Inc. was sold during the year. These shares were carried in the balance sheet as of May 27, 1939, at $260,001, and were sold to realize a profit of $166,724, according to Mr. Cork.

The reserve on investments, carried at $200,000, is no longer needed, Mr. Cork reports. In view of changing conditions, the board of directors thought it advisable to carry a reserve of a similar amount for contingencies.

Income and Surplus Account

	53 weeks ended June 1 1940 $	52 weeks ended May 27 1939 $
Gross sales	28,725,736	23,128,430
Net oper. profit	1,911,929	1,446,681
Add: Inv. income	168,100	48,572
Net earnings	2,080,029	1,495,253
Less: Inc. tax res.	550,000	262,000
Net profit	1,530,029	1,283,253
Less: Divids. Cl. A ..	556,320	556,320
Class B	479,125	479,125
Surplus for year	494,584	197,803
Add: Prev. surplus ...	3,507,066	3,307,558
Pref. bond sale	......	1,700
Less: Add. inc. taxes..	18,433	......
Surplus forward	3,983,217	3,507,066
Earnings per Share:		
Class A & B	1.64	1.49
Paid: Regular	1.00	1.00
Extra	0.25	0.25
Working Capital		
Current assets	5,321,515	4,447,641
Current liabilities	1,809,499	1,578,430
Working capital	3,512,016	2,869,211

Balance Sheet Changes

	1940 $	1939 $
Cash	1,617,433	1,300,348
Inventories	2,508,623	1,959,463
Investment in Loblaw Gr. Inc.	......	260,001
Accts. payable	1,248,977	996,573
Investment reserve ..	......	200,006
Contingencies reserve	200,000	......

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp	6%	1942	Dec. 31	105
Wood, A. & J. ..	‡6%	1944	Sept. 30	103

Drawn by lot: ‡$26,500.

Stock Redemptions:
Cosmos Imperial 5% 1st pf. Oct. 1 *105
*Plus accrued dividends from July 15, 1940.

Windsor Board Opposes Action of Bondholders

Windsor Separate School Board has instructed its solicitor to oppose action started by the Windsor Separate Schools Debenture Holders Committee to collect payment of their debt through sale of Windsor separate schools.

Writs have been issued in the Ontario Supreme Court on behalf of East Windsor and Sandwich Separate Schools Debenture Holders requesting an order to sell school properties. It also requests appointment of a receiver of the property, pending sale, and of a receiver of the board's revenues.

The board has decided also to urge Hon. Eric Cross, minister of municipal affairs, to give permission for distribution of $200,000 among the bondholders, which amount the board is holding in a capital reserve account.

Last Offer

A Windsor newspaper quotes Dr. J. G. Morgan, finance chairman of the Separate School Board, as saying the bondholders should be advised it was the board's "third and last" offer. "Tell them that if they don't take the $200,000 this time, the board is of the opinion we should keep it. . . . I wish I were in the position of this board, with $200,000 in my possession and people refusing to take it."

In answer, T. D. Delamere, of the Windsor Separate Schools Debenture Holders Committee, has issued a statement to the effect that "the bondholders, who have not had a dollar of interest or principal for upward of seven years, would more than welcome distribution of the $200,000 to which Dr. Morgan refers."

"The committee," Mr. Delamere adds, "has made a number of attempts during the past year to have funds in the reserve fund distributed to bondholders . . . The Windsor Separate School Board has consistently refused to pay the money out to debenture holders except on its own terms." Referring to a resolution passed by the board on Feb. 13, last, Mr. Delamere outlines these terms as including cancellation of all arrears of interest; the sum of $180,000 to be applied on payment to retire principal; the question of future interest be left in abeyance; and the board be given three years to permit new avenues of revenue to be explored.

Bond Sales

Halifax, N.S.

Stanbury & Co., Halifax, has purchased a $50,000 issue of City of Halifax, N.S., debentures. Proceeds from the issue are for refunding purposes.

List of tenders follows:

Stanbury & Co.	99.532
Johnson & Ward / F. J. Brennan & Co.	99.43
Cornell, McGillivray & Co.	98.79
Eastern Securities Co.	98.65
Dominion Securities Corp.	95.50

By a pooling of all sinking fund accounts, and with the addition of the $50,000 issue now sold, the city is placed in a position where no further refunding will be required for the next six years. In that period $1 million will become due and sufficient funds are assured to pay off in full.

* * *

Dominion Treasury Bills

Yield on Dominion Treasury Bills continues to decline. An issue of $40 millions dated Aug. 29, maturing Nov. 29, sold at a price of 99.84045 to yield 0.641%. This is the sixth consecutive time yield has dropped. Price compared with 99.83666 and yield of 0.649% for the previous issue dated Aug. 15. Yield on the Aug. 29 issue is the lowest since Sept. 1, last.

Current issue is to redeem $25 millions dated May 29 and $15 millions issued May 1. The latter amount was sold in connection with the Dominion Government taking over the gold reserves of the Bank of Canada May 1.

Can. Northern Cuts Dividend

Common Payment Reduced Because of Heavier Taxes

From Our Own Correspondent

MONTREAL.—Directors of Canada Northern Power Corp. have declared a dividend of 23 cents a share on the common stock, along with the regular quarterly dividend of $1.75 on the preferred. The common dividend is payable Oct. 25 to shareholders of record Sept. 30. The preferred is payable Oct. 15 to shareholders of record Sept. 30.

The company has been paying dividends at the rate of 30 cents quarterly for the past five years. The reduction is stated due to increased taxes, retroactive to the beginning of the present calendar year. Increased taxes for the past seven months amount to more than $90,000.

Net earnings of $195,539 are reported for July, compared with $225,856 in the same month last year, a decrease of $30,317.

In the seven months to July 31, net earnings were down $181,934 to $1.4 million.

Earnings Statement

July:	1940 $	1939 $	Decr. $
Gross earns.	400,234	434,377	34,143
Oper. exp.	204,695	208,521	3,826
Net earns.	195,539	225,856	30,317
Seven Months to July 31:			
Gross earns.	2,956,411	3,032,190	75,779
Oper. exp.	1,559,295	1,453,140	*106,155
Net earns.	1,397,116	1,579,050	181,934

*Increase.

Consumers' Gas Sales Higher

Higher Revenues More Than Offset by Increased Expenses

Improvement in business of the Consumers' Gas Co. during the fiscal year ending Sept. 30 has been more than offset so far by increased costs, according to an official source. Financial results for the 12 months will not be as satisfactory as in the previous year, it is predicted.

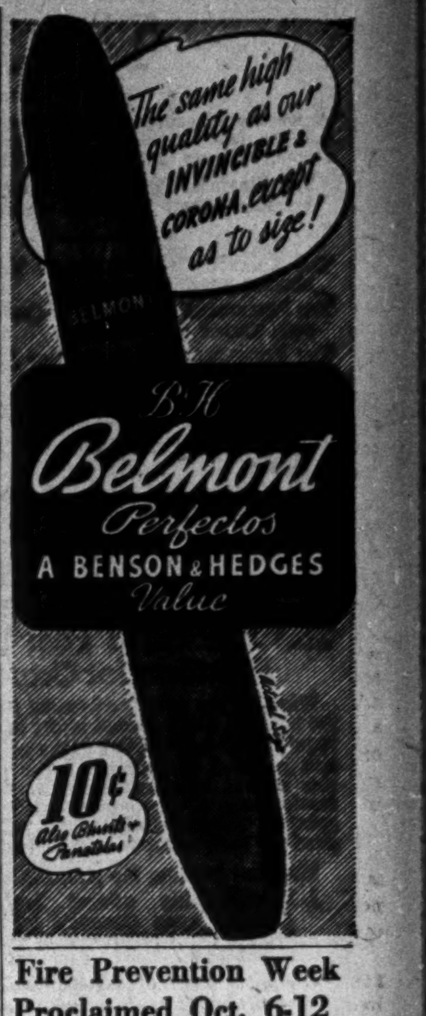
Recent cool weather has given a fillip to domestic consumption of gas in the Toronto area. Daily increases in output of the company have been as high as 7½%. Early return of summer cottagers to the city and the use of gas for heating purposes are believed to be the reasons for the August increases.

Output of gas for the year now ending likely will be slightly higher than in the previous 12 months. Sales of by-products and appliances are equal to or in excess of those of the 1938-39 year.

Outlook is regarded as promising, as various industries in the area served by the company—and large users of gas—are getting into production on munitions orders. The company also has obtained its share of new business in the occupancy of new homes under the government housing scheme in the outskirts of the city.

Various operating economies have been effected during the year. These will be reflected more fully in the coming year.

Uncontrollable expenses have increased. Coal purchases are at considerably higher prices due to the 11% premium on U.S. exchange and the new 10% import duty. The company obtains its coal from the United States. Taxes, direct and indirect, also are higher.



Fire Prevention Week Proclaimed Oct. 6-12

By Dominion Order-in-Council, Fire Prevention Week this year in Canada will be Oct. 6 to 12. The order urges all citizens:

To examine their properties with a view to eliminating fire hazards.

To inaugurate educational campaigns against fire.

To encourage fire drills in places where large numbers congregate.

NOTICE TO BONDHOLDERS

ABITIBI POWER & PAPER COMPANY, LIMITED

First Mortgage Gold Bonds, Series A, 5%, Due 1953

The "Plan of Procedure on behalf of Bondholders for the Purchase of Assets of Abitibi Power & Paper Company, Limited, by a New Company", dated March 15, 1939, having been declared operative, and Judicial Sale of the undertaking, property and assets of Abitibi Power & Paper Company, Limited, having been set for 2.30 P.M., October 16, 1940, pursuant to an Order of the Supreme Court of Ontario and the undersigned Committee having determined that the time for deposit of Bonds under the Plan will

EXPIRE AT THE CLOSE OF BUSINESS ON SATURDAY, SEPTEMBER 14, 1940.

NOTICE IS HEREBY GIVEN THAT copies of the aforementioned Plan and forms for the transmittal of Bonds for deposit may be obtained on application to the Secretary of the Committee or the Depositary mentioned below:

Dated, Toronto, Ontario
September 3, 1940

ALLAN R. GRAYDON, K.C.,
Secretary,
2400 Canadian Bank of Commerce Building,
Toronto, Canada.

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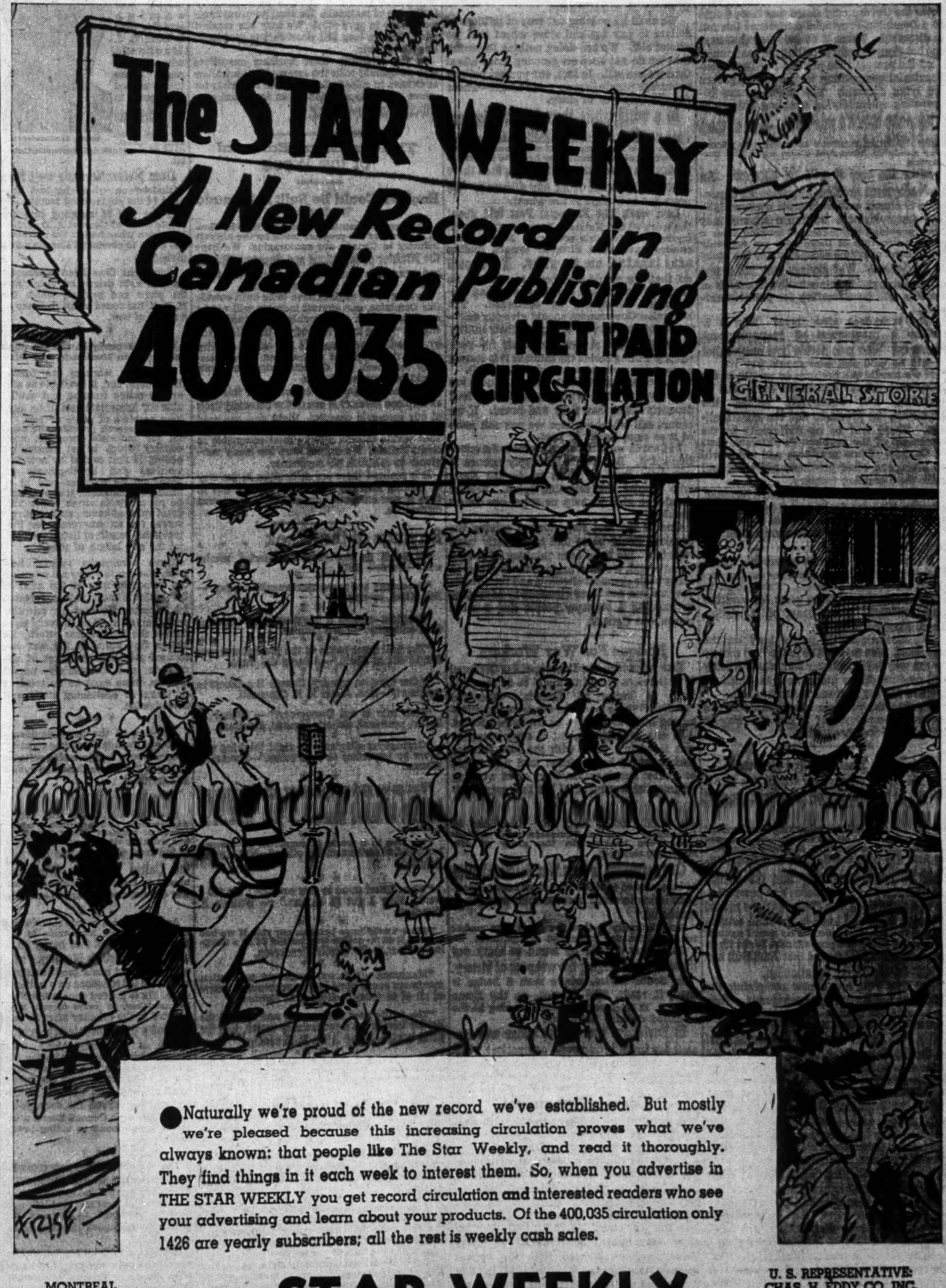

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TORONTO, SEPTEMBER 7, 1940

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Post believes the situation demands:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Appointment of non-political industrial co-ordinator with complete authority to direct procurement of munitions and supply.*
3. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*
4. *A national programme for dealing with post-war employment problems and relief problems, along general lines laid down in Sirois report.*

We Must Look Ahead

When the Rowell-Sirois report was brought down the Government stated that there would be a Dominion-Provincial conference this fall to discuss it. There is no evidence that anyone has since thought of calling the conference.

At the present time problems of Dominion-Provincial competition to tax and to govern are lying dormant. The provinces are co-operating splendidly in enabling Ottawa to finance the nation's war effort. Most of them have instituted rigorous economies to permit war needs to have first claim upon the taxpayers.

After the war it will be different. An unemployment problem of staggering dimensions is almost certain to grow up overnight. The unemployment insurance scheme may have provided the means of looking after a small proportion of those who are suddenly jolted from overtime occupations to the ranks of the jobless. War savings may see a few others through. But inevitably, thousands of families will be clamoring for public assistance.

Who is to look after them? Who is to outline a programme of re-employment measures? Who is to decide how much relief should be paid and who should pay it?

If we handle the problem as we did in the immediate prewar depression there will be bickering and squabbling among the Dominion, the provinces and the municipalities. There will be no uniformity in the treatment of the problem in different parts of Canada. Some provinces and cities will go broke and other provinces and cities will milk the Dominion treasury.

The Rowell-Sirois report offered a reasoned, effective plan for dealing on a national scale with unemployment arising from such world-wide disturbances as a sudden shift from war production to peace.

It is not a plan that can be put into operation overnight. There must be conferences of all the nation's premiers. There must be public education. There must be constitutional changes. There must be legislation. There must be planning.

The Government is pretty busy on the war itself. But we shall be judged not merely by the way we handle our war effort. History will measure us by the manner in which we prepare for the postwar reconstruction.

Ignoring the problem of responsibility for postwar re-employment is not the way to make a war worth winning.

So Now There's Not Enough

If the United States ever enters this war it will not be because British propaganda sucked her in. Let the Saturday Evening Post be cited as the witness. And let the fact be recorded now for, sure as shooting, if Uncle Sam does get into the war, the S. E. P. will spend another 20 years declaiming that the British dragged him in with speeches and pamphlets.

For a generation The Post, a curious hybrid of spread eagle and head-in-the-sand ostrich, has put the American people on guard against the menace of British propaganda. Right up to recent weeks it has warned that John Bull had designs on American isolationism.

Now The Post has a new complaint: the British do not do enough propaganda. They are leaving the field to gangster nations, the Germans, the Italians, and the Japanese.

The Post writer who has discovered that the British information effort in the United States is a feeble one is Stanley High. High is an ex-minister, who found it more profitable to become a confidential adviser on new-dealing to President Roosevelt; who later found it even more profitable to break with the President; and who has now discovered that being a professional alarmist, via periodical and platform, tops them all.

He has been studying "Alien Poison" in his country. What he has to say about the skilful organization of propaganda by Italy, Germany and Japan is impressive. But he is scornful of the British. Their effort is "pretty feeble." The British Library of Information, he says, answers enquiries about the British Isles. "On request" it will hand out what passes for propaganda—speeches by Churchill, Halifax, Lothian, etc. "The whole is about as heavy and unalluring as a middle-class English dinner," wails High.

Britain can afford to take it slow and easy, says the Rev. Stanley, because she has so many friends like Dorothy Thompson, Walter Lippmann, William Allen White, etc., to wield the cudgels for her. And the lecture season approaches when the platform will be cleared and the microphones opened up for visiting lecturers—"pleasant, disarming and profitably employed interpreters who are heard and pawed over for the greater glory of Britain." (High himself is a visiting lecturer and last spring was profitably employed and pawed over in Toronto for the greater glory of Stanley High.)

It is reassuring to have the Saturday Evening Post's statement that British propaganda in the United States is "unimpressive"; that it is "slow and easy." Later on, when The S.E.P. resumes its customary attack upon British propaganda as the only real menace to the peace and freedom of the American people, it will be nice to look back on this moment.

New Uses for Wheat

The facts about Canada's wheat crisis are disturbing. We have 665 million bushels to sell abroad this year. The world cannot possibly absorb it; not that part of the world to which we can still ship.

We shall be pouring out tens of millions of dollars to pay for and store wheat that we cannot sell. We are doing nothing to ensure that we do not keep on growing more wheat than we can sell. In fact, our present policies encourage people to grow more wheat—wheat for the taxpayer to carry.

In a world where there is starvation one does not like to think of deliberately setting out to raise less wheat. If we cannot sell all our wheat abroad and if we hesitate to curtail production too drastically at home, then there is only one escape from our dilemma. We must find new ways to use wheat.

Last week The Financial Post told about the work of the National Research Council in trying to solve this problem. Most of the studies have been directed toward finding some industrial use for wheat. If we could do that we would not need to worry. So far the research has led to no startling discoveries. It should be continued. The Dominion Government should give our scientists a substantial vote to expand their studies of wheat uses. A few thousands for such work is trifling beside the millions it is costing us to grow more wheat than we can sell.

It does not seem that enough study has been given to ways of turning wheat into food products other than flour and bread. If we cannot sell wheat perhaps we can sell more of it as eggs, bacon, or beef.

In Canada we admire and promote the scientific spirit. But we do not apply science to our daily lives as much as do the Nazis who despise the scientific spirit. Science should be able to help us solve our wheat problem.

One of the first steps toward solving the problem would be to find out exactly what wheat is. We have been thinking of it as a bread cereal. We must begin to think of it as so many basic chemical elements and then decide how we can use those elements to advantage in building a stronger people and a more prosperous Canada.

Badges For War Workers

One job which the Department of National War Services should tackle is to devise some form of badge for Canada's industrial "soldiers," those men who are more important on the home front than in the armed forces.

In one industrial plant a superintendent was faced last week with the loss, through enlistment, of half a dozen men who would be almost irreplaceable. They were working on essential war material but they were restless about "doing their bit." They had an inferiority complex alongside their friends who were basking in the glory of His Majesty's uniform.

One suggestion is for a War Services button to be awarded to those who have been refused permission to enlist because their own job is "essential."

One difficulty is that the draft plan makes no provision for exempted occupations.

Some way should be found to mark out those who are forging the weapons of victory.

In South Africa, where such a badge is used, it reads, "On Service—on the Home Front." It is given to all men serving in the so-called defense industries.

In England a war service badge was created for those in reserved occupations. But the Government failed to copyright the badge. Imitations appeared in the 3d. and 6d. shops.

Cost of Government

A forceful way to depict trends in government finance is to reduce these astronomical figures to a more understandable basis.

The result of such a tabulation of Dominion Government revenue and expenditure, compiled by the Citizens' Research Institute, reveals the alarming drift in Canada's finances in the past 10 years.

In the year ended March 31, 1939, the Canadian Government spent $49.03 for every Canadian, and collected from the various means of taxation and imposts $44.33. In other words, the central government spent on behalf of every person in the Dominion $4.70 more than it was able to collect. This was added to debt for future Canadians to bear.

This unfavorable trend is given additional emphasis by a comparison with 1929.

In that year, all revenue totalled $46.69 per capita. Expenditures amounted to $36.11. The Government was, therefore, able to collect $10.58 more for every person than it spent.

These figures illustrate the tremendous expansion in spending of the senior authority and the contraction in revenue during the 10-year period.

Nor does this comparison tell the entire story. In the same 10 years the cost of carrying public debt declined from $12.88 to $11.60. This is, of course, not attributable to any reduction in debt. Quite the reverse. Public debt has spiralled to unprecedented heights in the period. Yet because of the more favorable rates at which governments are able to borrow money in this cheap-money era, servicing the debt has been much less burdensome.

With Canada at war there appears little hope that the nation can do much to close this disparity of expenditure and revenue. What is required is a policy of curbing all ordinary services to lighten the burden of the war effort.

Editorials in Brief

Heard almost any hour of any day around the Department of Munitions and Supply at Ottawa: "I have an option on another half million yards." "Initial this $3,000,000 contract, Bill." "The British have just trebled this order."

* * *

Triptan is the name of a new gasoline which is said to give 50% more power (on bench tests) than the best military fuels anywhere in the world.

Used in a Pogue carbureter, our gasoline bills should shrink to negligible proportions.

* * *

It would take a lot of pots and pans to make up 550 tons of aluminum. British housewives have been donating their kitchen equipment to Lord Beaverbrook for making airplanes. But in one gesture Ontario Hydro-Electric Power Commission saved 550 tons of aluminum by deciding to complete its Beauharnois to Burlington line with copper.

Original reports were that 1,100 tons would be saved. Apparently a part of the line is already complete but the saving will be at least 550 tons, which will build a lot of airplanes.

Before this war is over we shall become accustomed to a good deal of enforced substitution in the use of materials. We shall be using hardwood sash to save steel. We may use cracked wheat to save corn and street cars to save gasoline and rubber.

In the meantime those business executives who co-operate with the commodity controllers at Ottawa in substituting plentiful materials for scarce materials are making an important contribution to war-winning.

The Canadian Editorial of the Week

Engines Could Be Built in Canada

Windsor Star

The announcements from time to time by Hon. C. D. Howe of the progress made by the aircraft industry in Canada are encouraging. We hope the Minister of Munitions and Supply will soon announce how many airplane engines are to be built in Canada by Canadian factories.

As long as the engines have to be built outside this Dominion, our aircraft industry will not be much more than an assembly proposition. The engines will be imported and put in bodies made by Canadian workmen. If any other country needed the supply of engines and bid successfully for them, the Canadian airplane plants would be cramped at once.

As Canada is going to expand after this war, an airplane industry is one of the necessary facts of our economic progress. Right now we need the planes for war purposes. Those that are not used within Canada will be most acceptable in Great Britain. We cannot have too many warplanes to establish air supremacy.

It is realized there are difficulties in the way of making airplane engines in Canada, but in time of war energetic administrations overcome difficulties.

Sayings of the Week . . .

"If goods do not cross boundaries, armies will."—*Cordell Hull.*

* * *

"Spectators are more sportsmanlike today."—*Bill Klem, ex-umpire.*

* * *

"Freedom creates a resisting power greater than authority."—*Lord Lothian.*

* * *

"The first great battle of the present war was fought out in Spain."—*Alvarez del Vayo.*

* * *

"After my own country, Canada lies closest to my heart."—*Hon. James H. R. Cromwell.*

* * *

"Mob rule is not Democracy." — *Walter P. Zeller, president, Zeller's Limited, Montreal.*

* * *

"Courageous allegiance to right thinking was never so important as it is today."—*Thomas J. Watson.*

* * *

"Smugness and complacency are the greatest enemies of man's liberty." — *Hon. Herbert H. Lehman.*

* * *

"We live in a world of surpluses on the one hand and of distress on the other."—*Mrs. August Belmont.*

* * *

"When I first came to this country I got $10 a week. Now I get $1 a year." — *William S. Knudsen.*

* * *

"Time would have been on our side if we had treated it as an active ally instead of as a sleeping partner."—*Sir Nevile Henderson.*

* * *

"Maximum efficiency, maximum production, maximum speed must be the supreme objective of all of us today."—*Hon. J. L. Ralston.*

* * *

"The battle now raging over and around the British Isles is not a preliminary match, it is the main bout."—*Major Alex. P. Seversky.*

* * *

"In its broadest sense, science is the best use of the human intelligence to improve the conditions under which we live."—*Gerald Wendt.*

* * *

"The whole science of economics is a wreck. There is much light in the older economics as there is in a glowworm." — *Prof. Stephen Leacock.*

* * *

"No man of common sense imagines that the victory of liberty is possible without the help of the American continent." — *General Charles de Gaulle.*

* * *

"I am a great believer in intuition — yes, woman's intuition. I would sooner have woman's intuition than diplomatic training to settle our affairs."—*Mayor Fiorello H. LaGuardia.*

* * *

"Even at this late hour, in spite of wasted months and years, an attempt at invasion can be thwarted at the outset. England can be made the grave of Nazidom."—*T. L. Horabin, M.P.*

* * *

"We must be firmly resolved to maintain the integrity of all our political and economic institutions and by preventing wasted effort and wasted resources, to conserve our strength for the struggle which is our primary concern."—*Sir Edward Beatty.*

NEGLECTED

—Cartoon by Grassick.

Post-Scripts . . .

Science and War

Patriotic Canadians who have contributed a million dollars toward a fund for scientific and technical research on war projects need have no fear that they will not get value for their money.

Heading the nine-man committee which will administer this fund is Dean C. J. Mackenzie, who has already more than earned his spurs in the short time he has been acting president of the National Research Council.

DEAN MACKENZIE

Dean Mackenzie came west from Saskatchewan where he had been head of the engineering faculty. He had the job of stepping into the ample shoes of General A. D. G. McNaughton when he left the presidential chair to command Canada's first division.

Since that time Dean Mackenzie has put both drive and vision into the plans and projects which the N. R. C. has found on its doorstep as a result of war.

* * *

Writing recently in the Canadian Banker, Dean Mackenzie said this:

"Scientific workers are front-line troops, and, if available at all, are in active training and available for immediate assault on any new problem of peace or war.

"....Research provides the capital for industrial progress, any country which is not constantly adding to that capital by new inventions and developments is living on its reserves—and in a bankers' publication it should not be necessary to stress either the great value of having sufficient reserves for an emergency or the inevitable results of living on capital for any length of time."

These paragraphs suggest how Dean Mackenzie views his tremendous responsibilities as the head of the nation's most potent research laboratories. He sees his scientific and technical staff on the very front line of the Empire war effort. He knows that although the war has focused attention on scores of immediate and desperately urgent matters, there must be no relaxing in terms of continuing study and investigation.

* * *

And one of the most significant phases of Canada's wartime research programme is the increasing reliance of Great Britain on Canadian brains and facilities.

Dean Mackenzie can take you to departments in his building where scores of brilliant young Canadians are working side by side with some of the most able scientific brains of the United Kingdom. What this means to Canada in terms of post-war development is hard to estimate.

* * *

As we reported in this column last December, Dean Mackenzie is the proud possessor of that happy combination—a Scottish Maritimer who went west and made good to return and wield his influence on a national scale. He is a third generation New Brunswicker, 52 years of age, who enlisted in the infantry after he had finished a post-graduate engineering course at Harvard. Along with pioneer work in building up the engineering faculty at Saskatoon after the war, he found time for many kinds of local and national public service. He served for four years on the Research Council Board prior to his appointment as acting president.

* * *

The objective of the new committee on scientific war development is to initiate, perfect and expand scientific investigations into methods and facilities designed to increase the efficiency of Canada in carrying on the war.

In addition to Dean Mackenzie the committee members are; Sir Frederick Banting, Toronto, discoverer of the insulin treatment for diabetes; Prof. Otto Maas, head of the physics department, McGill University Montreal; Colonel A. A. Magee, executive assistant to the Minister of National Defense; J. S. Duncan, Deputy Minister of National Defense for Air; R. A. C. Henry, Department of Munitions and Supply; Major-Gen. L. R. LaFleche, Associate Deputy Minister of National War Services; Georges Bouchard, Department of Agriculture; and Dr. H. L. Keenleyside, counsellor, Department of External Affairs.

* * *

A Ralston Aide

Generally overlooked in commentary on the appointment of George Selkirk Currie, is the fact that Colonel Ralston's executive assistant had a brilliant war record and is entitled to be designated as Lieut-Col. George S. Currie, D.S.O., M.C.

Blank and Stoller

GEORGE S. CURRIE

George Currie was D.A.A and Q.M.G. with the Fourth Division at the end of the war, having climbed there through the McGill C.O.T.C., 2nd University Company, and the famed Princess Pats. He came to be recognized as a capable and efficient staff officer and was entrusted with considerable responsibility in the administrative and supply end of this grim business.

His present appointment to an important post in the war department is not only the result of this good work 20 years ago, but to the fact that Colonel Ralston was in the Fourth Division and saw the fine job that this young officer was doing.

* * *

Col. Currie is regarded highly in the accountants' profession. He has held numerous public offices.

Son of a Scottish Presbyterian Minister, George Currie was born in western Ontario's Scottish settlement near Glencoe. After graduation from McGill, he obtained a C.A. In 1914 he entered into a partnership with George McDonald. The accounting firm of McDonald, Currie & Co. has been his one business apart from his military experience.

He went overseas in 1915, joined the Princess Pats and stayed in France until peace returned. From Lieutenant he rose to Major.

He returned to civilian life in 1919, back to the firm of which he was a partner in spirit but not presence for four years.

* * *

After the war, he was made president of the McGill Graduates Society. He was later appointed to the Board of Governors of the University and has been there for many years now. He is a past president of the Quebec Society of Chartered Accountants.

His energies have found a variety of outlets. He was alderman of the City of Westmount for six years and Chairman of the Finance Committee. He has been Chairman of the Federated Charities.

His favorite sports are salmon fishing and golf. While his job at the War Department lasts, the opportunity to resume these recreations is not likely to occur for some time in the future.

* * *

Military Attaché

Canada's newly appointed military attaché to Washington, Colonel Harry Farnham Germaine Letson, is one of those rarities who have succeeded in combining a military career with business—successfully.

Overseas in the last war while still in his teens, Harry Letson had his baptism of fire before he had his initiation into business. But he soon made up for lost time during the years of peace, and when the present war broke out he was chief executive of one of Vancouver's largest machinery and equipment firms and an active figure in the Canadian Manufacturers' Association.

Born in Vancouver in its shanty-town era 44 years ago, Letson grew up with the city. On the day of his birth his father, the late James Moore Kelly Letson, founded the pioneer machine shop establishment of Letson & Burpee.

It was this business that Harry Letson eventually inherited and developed into one of the largest organizations of its kind in western Canada.

Letson graduated from the University of British Columbia before it bore its present name and was merely a Pacific coast auxiliary of McGill. Later he became associate professor of mechanical engineering, a post in which he gained the knowledge that so thoroughly equipped him for his place in the city's industrial life and adapted him for the mechanized warfare of today.

Joining up for service in the last war as a subaltern with the 196th Battalion Western University Corps. Letson served in France with the 54th Battalion, and in 1917 was badly wounded by shrapnel, which left him with a lifetime limp.

* * *

The war over, Letson continued his education at the University of London, where he obtained his Ph.D. in 1923. Then he returned to Vancouver and eventually took over direction of his father's firm. He has been a leading figure in the metal trades industry of western Canada and, at the outset of this war, was chairman of the metal trades section of the Canadian Manufacturers' Association in Vancouver, and divisional member of the association's national defense committee.

He played an important part in negotiations that led to the revival of the shipbuilding industry on the Pacific coast and helped in organizing the trades required to supply machinery and equipment for the finished hulls.

But for several months military affairs have concerned Col. Letson more than anything else. As long ago as 1927 he was appointed officer commanding the B. C. Regiment (D.C.O.R), a post which he held until 1930 when he was made commander of the Canadian Officers Training Corps at the University of British Columbia. In 1936, given the rank of full colonel, Letson was appointed commanding officer of the 14th Infantry Brigade and was later made officer commanding the Vancouver and Fraser Valley area.

A crack rifle shot, Col. Letson went to Bisley five times and in his last appearance there, commanded the Canadian team. He is a past president of the Association of Professional Engineers of B. C.

A sister is the wife of Beverley Baxter, M.P.

* * *

Colorful Willkie

Just look at the "color" that the storywriters are finding in Wendell L. Willkie.

Says Raymond Moley:

"He'd harvested wheat in Minnesota, dressed tools in Texas oil fields, operated a cement-block machine in Wyoming, puddled steel outside Chicago, husked corn in Iowa, milked cows in Wisconsin, picked vegetables in California, taught high school in Kansas —not to mention having lived in Indiana and Ohio."

All that was prior to his Commonwealth and Southern Power association which really started in 1933 and which put Willkie "on the road" 100 days in the year travelling through the company's territory in Tennessee, South Carolina, Alabama, Mississippi, Florida, Georgia, Michigan, Ohio, Pennsylvania, Illinois and Indiana.

For years he has been visiting about 3,000 communities in a regular beat. And these visits don't mean just popping in and out of the local utility office. He knows the newspaper editors, factory and shop owners, the bankers and "an amazing assortment of folks." It seems, too, that most of them know and like Willkie.

Price Fixing

Vancouver Sun

The Federal Government's assumption of price-fixing powers, overriding those of the provinces, may turn out to be a profoundly significant development in the management of our Canadian economy.

Stop Me If

Said the captain to the newly appointed sergeant:

"There are men coming into camp night after night after 'Lights Out' has been sounded. It must stop!"

A few days later he asked the sergeant whether things had improved.

"Yes, sir," was the reply. "The last man in blows the bugle now!"

As Others See Us . . . .

No Sacrifice Here

Charlottetown Guardian

"Serve by saving." So the Government, and quite properly, urges Canadians.

Everyone is adjured to make sacrifices in order to speed the war effort. Investors are asked to buy 3% bonds or war savings certificates. Taxation is at the highest level in history.

But, says The Financial Post, Ottawa continues to sell government annuities at bargain prices. Not only does the Government pay the costs of administration of the annuity office; but it pays the equivalent of 4% compound interest on the annuities that it sells.

Many, if not most, of these annuities are sold to well-to-do people who know a good thing when they see it.

This practice may encourage saving but it is saving at a great cost to the general public. And it is not sacrifice. It is a gift from a government hard pressed to pay for the war.

Seventy-Cent Wheat

Winnipeg Free Press

The farmers were advised last spring not to increase wheat production but, it is pointed out, the acreage sown was larger than ever before. With a guaranteed price, it is a safe crop in these unsettled times, it is argued, and production may further increase.

"Obviously," says The Financial Post, "Canada cannot continue to plant larger quantities of wheat in the hope that all this wheat will be needed when the war ends. Unless and until some effort is made by the Government to control the supply of wheat—which means in effect some form of control over next year's plantings—there can be no assurance that our wheat problem is being competently handled."

Such a step it regards as regrettable but necessary. It recognizes the harmful consequences in the past of that sort of artificial expedient, but it says that if we are to set minimum prices for wheat production, the logical consequence is some form of control over supply.

This view may or may not be accepted, but obviously there would be a great deal to be said for it if the guaranteed minimum price were increased.

Money From Britain

Victoria Times

New arrivals from Britain who have Canadian and United States investments at their command are able to finance themselves here. Others face the problem of raising money for bare living expenses, although they may have credits in British banks. The British Government sets a $50 limit to the cash a person may take on leaving Britain. Difficulties and delays are experienced in getting funds through from London and at best only a fraction of what is asked for is sanctioned. Persons here for years, who are dependent on incomes from England, are finding the problem as serious as are newcomers.

Appeal is now being made to the British Government to permit evacuees to transfer funds from Britain to Canada. It is pointed out that evacuation of old people and children to Canada is a definite part of Britain's defense programme and should be so regarded. There will be fewer mouths to feed, less space needed on vessels bringing supplies into Britain, less exchange needed to pay for these supplies. This exchange saving should be made available to the people responsible for it by emigrating.

"Hundreds of our war guests came here for safety, not for charity," says The Financial Post. "But they are being humiliated by the action of their Government in refusing them the means to maintain themselves here out of funds they have in Britain."

Other People's Views . . . !

Conservation Plans Needed

Calgary Herald

The economic conditions which have prevailed during the past few years have been so adverse that little could be done to encourage farmers to adopt methods calculated to preserve and enrich their acres. Most of them were engaged in too bitter a struggle to make a living. But sooner or later steps will have to be taken to prevent widespread damage throughout the farming areas of the province.

National Farm Policy

Winnipeg Tribune

The West has been trying and is still trying to do its part. But it is compelled to work in the dark.

Canada needs a national farm policy.

It needs a full-time Minister of Agriculture.

It needs a comprehensive wheat policy.

Lack of definite information is causing actual and serious losses to farmers and to rural services generally.

Highly Significant

Welland-Port Colborne Tribune

At the present time when the British Empire is fighting Hitlerism and all the barbaric attributes of his totalitarian regime, it is tremendously significant that the powerful and rapidly arming United States has made a formal compact for mutual defense with a belligerent partner in the British Empire.

It is indicative of the growing determination of the people of the United States to promote and defend democratic solidarity against the German concept of brutal domination of the peoples of the world.

War Financing Paramount

Calgary Herald

War financing is at the moment the most important business of Canada as a nation. Its importance overshadows that of all other calls which might be made upon its people.

In this struggle there are no provinces; just one nation of determined British citizens. Of course all provincial governments should co-operate fully with federal authorities in the war effort. If it should't happen that way, however, what action might federal authorities take under special wartime regulations? The prospect is by no means beyond possibility.

Week in Business

Business Level Higher On War Anniversary

Trade and Industry Reflect Effect of War Orders — Employment Index Slightly Above Previous High Record

Canadian business enters the second year of war on a level substantially above that of a year ago. Expansion has varied considerably among various industries but The Financial Post Business Index based on over 50 important factors shows a gain of over 15%.

The first anniversary of the outbreak of hostilities coincides closely with the opening of the autumn season. Passing of Labor Day is usually followed by gradual expansion in business. Children return to school, having to be outfitted with clothes, etc. Returns from the crops begin to circulate and manufacturers speed up operations.

This year two factors vary the situation somewhat. One is that owing to elevator congestion the full financial returns from the western crop will be delayed. The other is the stimulus of war orders which only in recent months have made their real effect felt.

It is believed that the constructive effects of the last named factor are likely to offset comfortably the deferred stimulus of the large western crop.

* * *

Business in all economic areas of the country continues to show improvement. The Financial Post Business Indices for July showed substantial gains over last year in all areas, while compared with June, gains were indicated in Quebec, Ontario and the Prairies.

The report of the Dominion Bureau of Statistics on employment as at Aug. 1 shows a gain of 2.6% that has rarely been exceeded at midsummer in any of the 13 years since 1920 in which increases have been shown. It is substantially larger than the average small gain between July and August in the years 1921-39. The index at 127.9 exceeded slightly the previous high record of 127.8 established on Aug. 1, 1929. It exceeded last year's figure on the same date of almost 9%. Manufacturing showed general expansion in numbers employed and working hours. Logging and retail trade were seasonally lower while mining, communication, transportation, construction and maintenance and services improved. Gains appear to have been spread right across the country. War orders being placed now are affecting practically every area and all branches of industry.

* * *

Saw-mills, pulp and paper mills, steel plants and boot and shoe factories, for instance, are busy, as are airplane factories and automotive plants which are bending their efforts largely to production of equipment for the army. Builders' supplies are also in good demand reflecting the activity in construction. Trade reports from all sections including the Prairies indicate improvement.

Business Indicators

Current business generally steady with D.B.S. index of business activity for week ended Aug. 24 slightly lower than in previous week and last year due largely to declines in volume of security trading and security prices, bank clearings and capitalized bond yields. Carloadings and wholesale prices were higher.

Employment index as at Aug. 1 about 9% over last year, manufacturing employment index 19% up.

Carloadings for week ended Aug. 24 9% above last year. Total for year to date up 16%.

Automobile sales financed in July show increase in used cars and decrease in new. Cumulatives for seven months up 16% and 22% respectively.

Construction contracts awarded in August increase 58% over 1939. Total for eight months 49% higher.

Life insurance sales in July declined nearly 6% from 1939. Cumulative for year to date up 4%.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus.▪

TREND OF BUSINESS—	Aug. 24	Aug. 17	Aug. 10	Aug. 3	Aug. 26/39
Weekly index of business, D.B.S.	104.1	104.4	103.1	102.8	105.2
Commodity prices index no.	82.6	82.5	82.5	82.6	72.7
	July	June	May	Apr.	Year Ago
The Financial Post business index	139.5	141.7	136.2	133.5	119.8
Retail sales index no.	....	93.8	89.0	86.9	80.9
Dept. store sales index no.	87.2	81.0	82.8	84.7	77.3
Wholesale sales index no.	....	117.6	127.0	107.5	106.1
Country store (% change pr. yr.)	....	+8.3	+8.5	+6.8	—7.7
EMPLOYMENT Index Nos., D.B.S.	Aug. 1	July 1	June 1	May 1	Year Ago
▪All industries	127.9	124.7	120.9	114.3	117.5
▪Manufacturing	134.4	130.3	129.2	125.7	112.8
▪Wage earners, no. 000's	....	....	2,568	2,489	2,385
Living costs weekly budget	....	$17.84	$17.72	$17.85	$16.93

	1940	1939	Jan. 1 to date 1940	Jan. 1 to date 1939	% Change
RAILWAYS—					
▪Carloadings (week Aug. 24)	59,400	54,384	1,742,957	1,492,779	+16.7
C.N.R. gross (week Aug. 21) $	4,737,556	3,574,723	149,935,302	113,722,246	+31.8
C.P.R. gross (week Aug. 21) $	3,311,000	2,636,000	110,355,000	81,339,000	+24.0
C.N.R. net revenue (July) $	4,172,586	214,927	20,372,668	•290,490	....
▪C.P.R. net revenue (July) $	2,404,830	626,160	15,040,837	5,977,303	+151.5
IRON AND STEEL—July—					
Pig iron production (tons)	95,924	59,387	645,551	356,108	+81.2
Steel ingots and castings prod. (tons)	169,577	111,149	1,127,823	691,290	+63.1
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* (June)	12,818	8,620	69,622	54,560	+27.7
Factory output (July)	3,397	5,112	75,683	75,080	+0.8
Trucks and Buses:					
Domestic sales* (June)	3,110	2,111	17,178	13,474	+27.5
Factory output (July)	11,071	4,023	49,697	27,810	+78.7
Financing:					
Used (July) $	4,480,866	3,702,965	25,914,239	21,923,193	+18.2
New (July) $	2,290,959	2,405,739	22,088,788	18,023,655	+22.6
CONSTRUCTION—					
▪Contracts awarded (Aug.) $	40,747,000	25,827,200	195,489,000	131,402,800	+48.9
Cement prod., bbls. (May)	731,947	550,890	1,799,168	1,267,776	+41.9
AGRICULTURE—					
Flour prod., bbls. (June)	1,170,238	1,187,873	7,567,372	6,822,351	+10.9
Flour exp., bbls. (June)	509,206	401,189	3,752,006	2,223,396	+68.7
Wheat exp., bush. (June)	12,570,107	14,637,016	67,703,282	51,313,467	+31.9
Cattle sales (July)	106,634	82,777	558,194	537,938	+3.4
Hog sales (July)	372,204	207,344	2,695,636	1,791,360	+50.4
SEA FISHERIES—‡					
Catch, cwts. (July)	1,297,700	1,267,000	6,028,350	5,140,750	+17.4
Landed value (July) $	3,218,700	2,556,000	9,509,300	8,910,650	+6.7
NEWSPRINT—					
Production, tons (July)	332,669	227,620	1,974,676	1,568,694	+25.8
Exports, tons (July)	316,841	200,173	1,823,060	1,415,290	+28.8
MINING AND OILS—					
Coal prod., tons (June)	1,128,193	1,090,726	8,173,492	6,816,261	+19.9
Coal imports, tons (May)	2,372,411	1,821,900	4,319,053	2,494,395	+72.9
Gold prod., fine oz. (June)	443,312	422,617	2,572,043	2,439,060	+5.3
Crude oil prod., bbl. (June)	657,098	521,308	3,681,029	3,371,238	+9.2
Crude oil imp., bbl. (June)	4,864,457	3,617,809	20,702,186	9,753,850	+15.2
ELECTRIC POWER OUTPUT—July†—					
Total monthly, 1,000 kw.h's (July)	2,615,332	2,203,844	17,583,735	15,950,096	+10.2
FOREIGN TRADE—†					
▪Imports (July)	89,496,233	57,980,650	583,597,018	379,059,369	+54.5
▪Exports (July)	101,463,173	76,641,424	653,174,202	485,107,765	+35.0
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. (July)	243,617	185,096	1,229,922	1,114,950	+10.3
Shoes, prod., pr. (June)	1,730,984	1,550,673	12,725,941	11,249,771	+13.1
Cotton consump. lb. (July)	15,131,498	10,326,961	111,731,232	62,517,549	+78.7
Raw rubber imp., lb. (June)	2,322,184	3,437,972	40,634,419	30,637,700	+32.6
Cigarette cons. No.* (July)	648,304	677,112	4,244,892	3,970,324	+6.4
Sugar manufactured .. lb.‡	99,553,443	85,837,830	483,403,070	387,788,743	+24.7
FINANCE—					
Bank debits† (July) $	2,622,547	2,376,528	19,624,237	17,509,832	+12.0
Bond sales† (July) $	118,842	72,867	1,258,060	872,437	+44.2
▪Life insurance sales (July) $	28,159,000	29,902,000	216,527,000	208,287,000	+3.9

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. ‖For four weeks to July 13, 1940. ‡Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Final.
▲Total at yards and plants. •Deficit.
New items for week marked ▪

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TORONTO — F. K. HOLLYMAN, Industrial Agent
VANCOUVER — C. W. McBAIN, Industrial Agent

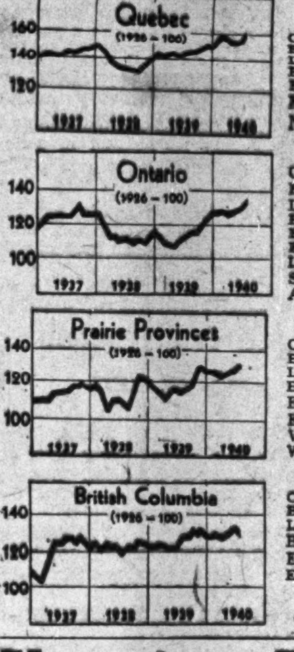
Canadian Pacific
WORLD'S GREATEST TRAVEL SYSTEM

Business Above 1939 Level In All Economic Areas

Business activity showed substantial acceleration in all economic areas of Canada in July compared with a year ago. Compared with June, improvement was shown in Quebec, Ontario and the Prairies. In Ontario and the Prairies the standing as indicated by The Financial Post Business Indices was higher than at any time since 1929. In Quebec, a new high was established for the period covered by the record from 1925 to date.

The six business indicators available in the Maritimes showed gains over June, but the index for the month showed a slight recession due to the smoothing process.

In British Columbia, the index receded slightly from June when a new high point for the last 10 years was shown. Building permits and life insurance sales were lower.



Trend of Business in Economic Areas

	July, 1940	Change from July, 1939 %	June, 1940
Maritimes:			
Constr. contracts .... $	2,265,000	—30.3	1,257,000
Bldg. permits .... $	316,000	+8.2	398,000
Life ins. sales $000	2,181	—0.7	2,127
Bank debits.... $000,000	71.1	+26.1	61.9
Elec. pwr. .. kw.h. 000	80,629	+7.1	77,972
Employment*	124.5	+7.7	124.0
Index	138.5	+12.3	139.1
Quebec:			
Constr. contracts .... $	4,319,000	—36.3	11,687,000
Bldg. permits .... $	2,085,000	+27.5	2,135,000
Life ins. sales $000	7,615	—6.5	7,907
Bank debits $000,000	770	+7.4	745
Elec. pwr. .. kw.h. 000	1,106,537	+19.1	1,087,747
Employment*	130.6	+11.6	126.6
Newsprint prod. .. tons	322,669	+46.2	315,343
Index	160.4	+11.5	156.4
Ontario:			
Constr. contracts .... $	11,096,000	+85.7	10,822,000
Bldg. permits .... $	4,255,000	+71.2	4,563,000
Life ins. sales $000	12,189	—5.8	12,265
Bank debits $000,000	1,089	+9.1	1,253
Elec. pwr. .. kw.h. 000	887,882	+18.8	891,390
Employment*	131.6	+12.0	129.6
Livestock slaughterings*	182.0	+34.0	153.7
Steel production .. tons	169,577	+52.6	166,213
Auto. prod. .... No.	14,490	+38.4	17,930
Index	135.8	+17.3	132.9
Prairie Provinces:			
Constr. contracts .... $	3,204,000	+232.2	3,666,000
Bldg. permits .... $	2,309,000	+163.2	1,361,000
Life ins. sales $000	3,901	—7.3	3,696
Bank debits $000,000	516	+47.0	455
Elec. pwr. .. kw.h. 000	159,989	+5.8	162,619
Employment*	114.9	+5.0	112.4
Wheat receipts ...... bu.	19,964,000	+160.1	12,756,000
Wheat prices**	71.3	+29.4	72.2
Index	131.4	+14.3	128.1
British Columbia:			
Constr. contracts .... $	2,532,000	+52.5	1,465,000
Bldg. permits .... $	808,000	—16.6	1,413,000
Life ins. sales $000	1,851	—23.0	2,238
Bank debits ... $000,000	176.6	+4.8	166.0
Elec. pwr. ... kw.h. 000	175,415	+7.0	168,452
Employment*	119.0	+1.7	114.8
Index	130.4	+2.7	131.8

* 1926 = 100.
**Cents and eighths of a cent per bushel.

Keeping Posted . .

By J. C. KIRKWOOD

Many of us have awakened, with fresh alertness, to a perception that Canada is far and away the very best country to live in in these present times.

JOHN C. KIRKWOOD

One man whose "Confessional" appears as a guest editorial in the September 1 issue of Maclean's Magazine is Gene Hugeut.

He begins his contribution so: "This is an admission of guilt. My confession is that I have lived on in this place for almost three decades, not knowing that where I am is my country. My Country! I am ashamed. I didn't know I had a country. I just kept on being here, that's all."

He goes on to say: "So I thought straight about it, and that's how I discovered I had a country. I never dreamed how my country amounted to so many things, or that I could feel the way I do about it. Everything I had and want is here. This is the place."

It would be fine if this editorial were made into a leaflet and if this leaflet were given a thick national distribution. It would offset Fifth Columnism.

I suppose that most Post readers know—have read—Edward Everett Hale's classic, "The Man Without a Country"—the story of the man who cursed his country, and thereafter was never allowed to put his foot on the soil of his native land. All of us need to have greater awareness of how we are blessed—we whose country is Canada.

* * *

Another Hotel

April 1, 1941, is not going to be "Fool's Day" in Ottawa, but rather a birthday for on that day is to open a new hotel in Ottawa—a unit in the Ford Hotel Company's chain. It will be a welcomed day, for The Chateau Laurier—superfine hostelry—has recently hardly sufficed for the requirements of the multitudes of visitors to the nation's capital city.

The new Ford Hotel for Ottawa will have 350 rooms, each with a private bath, and the rates will be—so I read in Canadan Hotel Review—from $2.50 to $3.50 for a single room. It will be a 10-story building, and is costing to erect and equip $1.5 million. The hotel will be on Elgin St., and the design is to be in keeping with the recent development of Elgin Street and with the many fine buildings in that area.

* * *

Mercy in Uniform

Among The Post's numerous feminine readers there may be some who want to become a Nursing Sister of the Canadian Army Medical Corps. In such case they will read, I feel sure, with avid interest and gratitude the very informative article in the September issue of Chatelaine, by Joseph Lister Rutledge, bearing title, "Mercy in Uniform."

Let it not be imagined that it is easy to become a war nurse in the Canadian Army Medical Corps. "She has to come up the hard way," says Mr. Rutledge. "She is a graduate of a strict hospital training school. She is the pick of these graduates." Then follows much intimate factual material—about what she wears and may not wear, and even about the approved average weight; about her way of life, about her wage or allowance; about required examinations.

"Let it be clearly stated," warns Mr. Rutledge, "that joining Canada's nursing sisterhood is not the high-road to romantic adventure. There isn't much adventure in the service, and there's probably less romance." Just the same there can be romance: many an officer, many an army doctor has wedded a "Sister."

* * *

More Costly Reading

Here's unpleasant news for you if you are a good customer of lending libraries: you are likely to pay from 4 to 5 cents a day for your books in the very near future.

Authority for this distasteful news is an article in the August issue of Bookseller and Stationer, which says that "higher book prices mean that library rentals will have to be increased." A library operator is quoted as saying, "I see no reason why 5 cents a day for books other than reprints should not be the basis for a fixed fee. A 20 cents minimum, this competes nicely with an evening at the movies. And since the public has been sold the idea of renting versus buying, 20 cents is considerably cheaper than $2.50 or $4. At the present rate library fees are appallingly and disproportionately low in ratio to the price of other forms of diversion."

* * *

The Job at 85

If you want to live long and enjoyably, and to be vocationally active in your middle 80's, then bookselling may give you your desire. At any rate this is the way that William Henry Bone of Victoria, B.C., looks at life and work.

Mr. Bone, now in his 86th year, is still actively associated with the book, stationery and printing trades, in the service of Diggon-Hibben. It was in the early 60's that Mr. Bone went to Victoria, aged 8, with his parents, via the Isthmus of Panama—before the canal days. He began as an office boy with T. N. Hibben & Co., booksellers and stationers, and in the course of the years became a partner and head of the firm, and built the Hibben-Bone Building in 1912.

* * *

Adiposity?

Two years ago Hardware and Metal celebrated its Jubilee. It was in 1888 a very slim trade newspaper, and its founder, John Bayne Maclean, never, I feel sure, dreamed that his infant would ever suffer from adiposity. But what word other than "fat" can be used when one looks at—and "hefts"—the 248-page issue of August 17, 1940—the 52nd Annual Fall Buying and Directory Number? I took the trouble to add up the items constituting the Table of Contents in this issue, and they number 92!

What are titles of special articles in this robust issue of Hardware and Metal? Here are specimen titles: Aircraft Production; Making Small Shells; Shipbuilding in Wartime; Outlook in Western Provinces the Best in a Decade; Canadian Building Construction at Highest Level in 10 Years; Radio Set Sales Reach New Record in 1940. Some of these titles suggest how Canada is prospering in these times.

But in those titles of articles which deal with merchandising ways that I like best, for a good trade newspaper is always trying to show its readers how to sell more—how to serve the community better. Look, for example at these titles: Modern Display Ideas Increased Mills Hardware Sales; Marine Window Attracts Attention and Increases Sales; Building up Clientele of Future Customers with Model Airplanes; Sales Manager Gives Practical Ideas for Increasing Stove Sales.

It took a huge amount of grey matter and downright hard work to produce the editorial contents of this 52nd Annual Number; and who can measure the quantity of oral and written solicitations and the quality of the salesmanship which secured the near-200 advertisements in this special issue of Hardware and Metal with the lengthy waist line.

* * *

How It's Done

Since many of The Financial Post readers are newspapermen and printers, I bring to their notice a book, published this year—the quinquennial year of the printing industry—whose title is, "The Origins of Printing and Engraving" (Scribner's). The author is a Frenchman, André Blum, the book a translation from the French. The contents are in two parts: The origins of printing and the origins of engraving. The part which deals with engraving is the major one, and is in three divisions: wood engraving, engraving on metal, and the illustrated book, of which the book itself is a good illustration.

This very readable book should, in my judgment, be placed in every high school, collegiate institute and technical school library.

Smelters Offers Adjusted Wage

Would Vary With Dominion Cost of Living Index — Government Aided

From Our Own Correspondent

VANCOUVER, B.C.—Consolidated Mining & Smelting Co. has offered to take care of increases in its employees' cost of living except in respect to wartime taxation. The proposal is that the wage scale be advanced three cents for each point rise in the Dominion Government cost of living index over the index at March, 1938, which was 132. This is in line with wage arrangements made in other cases in recent months. Purpose is to protect the worker and, at same time, counteract inflationary tendencies of increases.

President S. G. Blaylock in a letter to employees states:

"You are being asked to vote on the institution of a sliding cost of living bonus based on the cost of living index of the Dominion Bureau of Statistics. In order that you may be fully advised of the situation, I wish to make the following statement:

"The agreement is subject to the approval of the Board of Directors. In order that you may have the full picture while making your decision as to how you wish to vote I want to point out a few things which might be lost sight of. The first is that the wages in Trail and Kimberley are the highest paid by any similar industry in the Dominion of Canada, and that on top of these wages you enjoy the benefits which are approximately equivalent to a further 50 cents a shift, or twice as much as those given by any similar industries that we know of in Canada.

"The date set by the Federal Minister of Labor for Cost of Living corrections was March, 1938, at which time the index figure was 132. It has been pointed out in the above mentioned circular that since that date you have been given a 25 cent bonus in October, 1938, when the index figure was also 132. This bonus is still in effect and will continue in effect if this agreement is made.

Selling Prices Low

"On the other hand, I would like to mention that the company is selling by far the greater part of its lead and zinc production to the Government at a price lower than the average price for the last 10, 20, 30 or 40 years; then on all the construction work the company is doing for the Government it has undertaken to do it at cost. Likewise any Government plant it operates will be operated at cost without any profit to the company, in either case.

"In addition to this, the federal taxes have increased from 15% to a minimum of 30% of the profits of the company and if, on account of the increased volume of business the company's profits should average more than the average of the four years prior to the war which as you know contained two good and two bad years—the company will pay 75% of the excess profits as taxes. I was informed that the Consolidated was the first Canadian company to offer its services to the Empire free of charge.

"From the above you will see that the Consolidated is trying to carry its share of the war burden and not trying to make any war profits in any way. While the company is affected by increases in the cost of things it has to buy, in the above offer it is undertaking to take care of those increases for you, thus relieving you of all your share of the war cost, except that which may be imposed by taxation."

Lumber Again Travels Rails

Transcontinentals Asked To Reserve Cars For 50 Million Board Feet

From Our Own Correspondent

VANCOUVER. — Canada's railroads have again been called on to augment the merchant fleet of Britain in shipping British Columbia lumber to the United Kingdom.

While the supply of ships all summer has been plentiful and there is no immediate prospect of scarcity, the railways have been asked to reserve space for 50 million feet of lumber for movement from coast to coast during the month of September, and a similar volume may be moved the following month.

This will be the largest order yet for the railways, as the previous peak was in May, when 30 million feet were transported.

This traffic is in addition to the heavy movement of lumber from B.C. mills to the prairies and eastern provinces in connection with the air training scheme and other defense construction requirements.

Severe Strain on Mills

Building of hangars and other military projects has placed a severe strain on the lumber industry on the Pacific coast at a time when it was already working at top pace in meeting export orders. However, thanks to the organization developed by H. R. MacMillan, Canadian timber controller, and his large staff of experts, the job is now being taken in the industry's stride and there is not likely to be any break in service.

Mr. MacMillan announced a few days ago that all lumber required for Canada's present defense requirements had already been ordered at prices stabilized at the June levels.

A CHECK-UP OF YOUR INVESTMENTS

A requisite of a sound investment portfolio is a periodic analysis by a competent investment consultant. This service may be obtained without obligation at any of our offices.

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HOLD FAST!

In these fateful days, we must hold fast to all our cherished ideals—our love of democracy and liberty—and our firm faith in Canada. This is a time for cool heads, for resolute courage, for unity of purpose—a time when every loyal Canadian will do his or her part in the fight for freedom. It is important, too, that you hold fast to your life insurance for the security of yourself and your family. For today, millions of life insurance dollars, invested in war loans, are helping our Government to provide the trained men, equipment, and armaments so urgently needed for the successful prosecution of the war. Despite wars, epidemics and panics, life insurance has weathered every storm in the past hundred years. It is good citizenship to own Life Insurance

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Before you insure... consult
Confederation Life Association

Banking

Gains in Bank Debits Reflect War Business

Expansion in Industrial Production and Payrolls and General Trade More Than Offsets Decline in Security Dealings

Canadians in July cashed cheques for $2.6 billions, almost $250 millions or 10% more than in July, 1939, according to the report of the Dominion Bureau of Statistics. This expansion is explained mainly by acceleration in general trade and industry and heavier payrolls due in large measure to production of war materials and equipment.

Increased western buying resulting from last year's crop has also been a factor.

The total improvement in general business has been more than sufficient to offset declines in security dealings in the larger financial centres of the country at Montreal and Toronto.

Gains over last year occurred in all economic areas except Quebec, which showed a decline of about 4%.

This recession was possibly due not only to smaller dealings on the Montreal Stock Exchange, but to decline in activity in certain industries not working on war orders, for instance, some of the boot and shoe factories, hosiery plants and some textile mills in that province.

Pulp and paper mills were very active as well as factories producing war materials. The greater activity, however, did not appear sufficient to offset declines due to the other causes.

Increases in the other areas were: in the Maritimes, 26%; Ontario, 9%; Prairies, 47%; and British Columbia about 5%.

Small Seasonal Decline

Compared with June there was a decline for all Canada of about 2%, which is smaller than usually seen at midsummer when business normally tends to slacken in several branches of trade and industry. Increases were recorded in all economic areas except Ontario. The Maritimes were up 8%, Quebec 10%, the Prairies 10%, and British Columbia 14%. Ontario declined 2½%.

Total debits for the first seven months of 1940 at $19.6 billions were $2.1 billions or 12% over the corresponding period last year. Gains were shown in all economic areas: The Maritimes were up 29%, Quebec 2%, Ontario 9%, the Prairie 49%, and British Columbia 6%.

Because 95% or more of the total business of the country is conducted by cheques rather than actual currency, bank debits are an important index of business conditions.

In bank debits are included not only transfers from one individual to another by cheque but withdrawals from savings accounts by receipt voucher.

Transfers from one person to another may take place either between different branch banks or within a single branch, between individual accounts.

For example, Jones pays his house rent to Brown by cheque. Brown takes the cheque to his bank and cashes or deposits it. The cheque is then sent on to the bank where Jones has his account. Jones and Brown may deal at different bank branches or the same one. If they deal at the same one the cheque does not go out of the building. In either case, however, the amount is deducted from Jones's account, constituting a bank debit.

The same thing happens when Smith buys a suit of clothes and pays the tailor by cheque. Larger examples would be where a furniture manufacturer gives a cheque for $200,000 worth of lumber, or the Dominion Government gives a munitions manufacturer a cheque for $500,000 for shells.

When a company pays its employees through the bank, it gives the bank a cheque for the total amount, say $6,000, along with a copy of the payroll showing the amount each employee is to receive. If there are 60 employees, there are 61 transactions involved—one debit and 60 credits. The transfer of $6,000 from the funds of the company is the debit and enters into the compilation. Other debits may be created when the employees draw or transfer money out of their accounts.

In the Dominion Bureau of Statistics compilation debits at the 32 clearing house centres of Canada are taken. These, it is estimated, represent about 90% of the total debits of the country. The total ratio of bank debits to bank deposits in July, 1940, was 97% compared with 93½% last year, indicating a more rapid turnover of money.

A survey made by the Canadian Bankers Association in 1935 indicated that only in the Maritimes did the total of bank debits in the clearing house centres fail to represent the grand total of business transactions. Evidently, in that area the larger volume of business is done outside the clearing house centres.

Comparative figures for July and June, 1940, and July, 1939, follow:

Bank Debits to Individual Accounts
Millions of dollars

	July 1940	June 1940	July 1939
	$	$	$
Maritimes			
Halifax	39.9	32.7	30.6
Moncton	11.3	11.2	9.6
Saint John	19.9	17.9	16.1
Total	71.1	61.0	56.4
Quebec			
Montreal	684.6	664.5	702.7
Quebec	76.4	72.4	92.3
Sherbrooke	8.7	8.3	7.3
Total	769.7	745.2	802.3
Ontario			
Brantford	10.7	11.6	8.8
Chatham	8.7	11.4	7.2
Fort William	7.3	6.9	5.5
Hamilton	70.7	70.4	53.9
Kingston	7.9	7.6	5.5
Kitchener	13.6	13.4	11.7
London	34.6	37.2	28.5
Ottawa	169.1	153.3	118.6
Peterborough	7.7	7.6	6.2
Sarnia	6.8	7.3	5.9
Sudbury	7.6	8.3	7.2
Toronto	706.1	873.8	706.2
Windsor	38.3	44.2	32.4
Total	1,089.4	1,253.0	997.9
Prairies			
Brandon	3.4	3.2	2.7
Calgary	58.5	58.6	45.1
Edmonton	41.2	45.7	36.5
Lethbridge	4.1	4.5	4.3
Medicine Hat	2.3	2.3	2.1
Moose Jaw	7.3	6.5	5.4
Prince Albert	2.6	2.5	2.2
Regina	60.5	38.1	38.8
Saskatoon	10.9	10.9	8.5
Winnipeg	324.8	283.1	205.6
Total	515.7	455.4	351.4
British Columbia			
New Westminster	7.5	7.3	6.6
Vancouver	138.6	126.0	125.6
Victoria	30.4	32.6	36.3
Total	176.6	165.9	168.5
Total for Canada	2,622.5	2,681.6	2,376.5

Fire Loss Hits War Efforts

Carelessness May Cause Loss Surpassing Nazi Saboteur's Dreams

Forethought or deliberate intent, mischance and carelessness are the main causes of destruction by fire, A. Leslie Ham, manager of the Montreal office of the Canadian Underwriters' Association, told the annual convention of Dominion Fire Chiefs at Brantford.

The number of fires in Canada due to the first two causes—deliberate intent or sheer bad luck—he did not think exceeded those in other countries in proportion to the population. Carelessness, he indicated, was by far the most important cause of fire destruction in Canada.

He quoted figures showing a fire loss in all Canada in 1939 of $24.6 millions and of $311 millions in the 10 years ending with 1939.

The 10-year average per capita loss, he stated, based on figures supplied by the Dominion Fire Commissioner was $3.36.

This, he said, compared with an annual average per capita loss in other countries as follows:

Per Capita Annual Fire Loss

Canada	$3.36
United States	3.26
England	.71
France	.55
Italy	.28
Germany	.16
Switzerland	.15
Holland	.11
Austria	.07

Prevention of fire by greater care, he indicated, would greatly facilitate the war effort by lessening the drain on the public purse and enabling the money so saved to be used for war purposes.

Exceed Saboteur's Dreams

"The careless smoker, the ill-kept plant or basement," he added, "may, in the twinkling of an eye, wipe out of existence lives and property beyond the utmost dreams of a Nazi saboteur. The effect of measuring our shortcomings is not a mere matter of confession — it goes much deeper. By appreciating our loss, we may be led to determine its cause and by realizing the cost in hard cash we may be impelled to take steps to alleviate the condition."

He further pointed out that the insurance companies do not absorb the fire losses, but pass them on to those who buy insurance. These in turn add the extra charges to the cost of production of the goods or services they sell the public.

Weekly Statement Bank of Canada

An increase of almost $7 millions in investments is shown in the statement of the Bank of Canada for the week ended Aug. 28. The gain was entirely in short term issues, the increase there more than offsetting a decline in long terms.

Balance Sheet

	Aug. 28 1940	Aug. 21 1940
Liabilities	$	$
Capital paid-up	5,000,000	5,000,000
Notes in circ.	304,307,902	302,060,247
Rest fund	2,449,757	2,449,757
Depos.: Dominion	28,271,741	28,555,992
Bank	208,520,748	202,454,408
Other	8,656,373	8,117,124
Total deposits	245,448,862	239,127,524
All other liabs.	5,154,935	6,678,011
Total liabs.	562,361,456	555,315,539
Assets		
Reserve.		
In sterling & U. S.	4,033,992	4,343,299
Subsidiary coin	295,263	259,727
Advances	1,000,000	1,000,000
Investments:		
Dom. Govt. short	428,896,067	419,842,502
Other Dom. Govt.	121,215,462	123,357,597
Total invest.	550,111,529	543,200,099
Premises	1,729,072	1,729,072
All other assets	5,191,600	4,783,342
	562,361,456	555,315,539

Weekly Bank Clearings

	Aug. 29 1940	Change year ago	Aug. 15 1940
	$	%	$
Halifax	2,583,489	+23.1	2,655,868
Saint John	1,617,612	+10.1	1,862,353
Moncton	802,301	+31.8	891,678
Sherbrooke	832,579	+26.7	730,471
Quebec	4,338,211	+5.1	5,171,032
Montreal	77,632,455	—28.7	84,246,932
Ottawa	28,228,231	+107.7	22,142,882
Kingston	585,507	+19.8	583,225
Peterborough	509,269	+8.0	614,987
Toronto	83,408,653	—20.4	106,540,460
Hamilton	5,119,301	+25.5	6,426,098
Kitchener	913,563	+0.4	1,118,769
Brantford	701,073	—0.9	811,201
London	2,042,790	—0.7	2,231,892
Chatham	486,353	+8.6	497,889
Windsor	2,638,006	+8.0	2,790,301
Sarnia	326,259	+12.9	503,697
Sudbury	1,092,803	+9.3	879,584
Fort William	802,143	+32.9	873,131
Winnipeg	29,681,402	—47.2	28,805,675
Brandon	282,500	—5.7	310,453
Regina	4,073,891	—0.1	3,424,199
Moose Jaw	478,369	—7.0	592,570
Saskatoon	1,149,985	+10.4	1,380,512
Prince Albert	397,421	+14.5	338,272
Edmonton	3,685,229	+6.9	4,281,623
Calgary	4,475,254	+10.3	3,406,682
Lethbridge	369,863	+20.8	400,481
Medicine Hat	199,962	+1.0	207,602
N. W'minster	118,780	+27.1	631,257
Vancouver	17,615,347	+11.2	17,117,309
Victoria	1,573,434	+9.5	1,607,255

Fire and Casualty Insurance

Would Clarify Fire Policy

Standing Committee of Insurance Superintendents Makes Recommendations

Suggestions for clarifying the statutory conditions of the standard fire insurance policy are contained in a report recently prepared by the standing committee of the Association of Provincial Superintendents of Insurance on fire insurance legislation.

For many years these conditions have been a subject of much discussion at the annual conferences of the superintendents. But owing to the marked differences of opinion expressed by different interested parties progress has been difficult.

The report in some instances makes definite recommendations regarding the wording of the conditions. In others it finds the present wording satisfactory. In yet other cases it suggests transfer of certain regulations in the statutory conditions of the policy to the general insurance law of the provinces.

Misrepresentation

One perennial topic for discussion at insurance conferences has been the wording of statutory condition No. 1 regarding misrepresentation of a fire risk. The clause in the uniform policy states that if any person applying for insurance "fraudulently omits to communicate to the insurer" any circumstances material to the contract, the policy shall be void.

Insurance companies have objected to this wording because it places on them the onus of proving a fraudulent intent, which it was often difficult to do. The latest suggestion is to change the words "fraudulently omits to communicate" to "conceals." This wording which implies a positive act by the applicant has been used in the New York State standard fire policy for some time satisfactorily. The change was also recently recommended by the Toronto Board of Trade. The committee while noting this suggestion refrains from making any recommendation other than that some amendment should be considered.

Suggestions have also been made that a clause should be inserted in this condition to protect the interests of creditors holding a fire insurance policy as security for debt owed by the policyholder. The committee, however, thinks this should be done rather by a change in the insurance act.

Change in the wording of condition four is also suggested to absolve the insurance company from liability where ashes with the knowledge of the insured are deposited in "any inflammable containers." At present the condition mentions only wooden containers and this is considered too narrow.

The committee also states that statutory condition five, limiting to 15 days the time allowed under an insurance policy for making repairs to a building is unnecessarily restrictive. Incidental alterations or repairs should be allowed at all times, the committee claims.

Proof of Loss

Conditions 14 and 15 dealing with proof of loss and other requirements with which the policyholder must comply after a fire, the committee believes are not clearly expressed. It is claimed, for instance, that there is no clear definition as to what constitutes proof of loss. These obscurities the committee says should be clarified.

A recommendation made previously that an insurance company have the right to examine a policyholder under oath is opposed by the committee. It claims that this would authorize an insurer to hold an examination for discovery before any legal action was commenced and might possibly be abused in cases where there was dispute over a fire claim.

The committee further recommends that after the statutory conditions have been revised they should be rearranged and renumbered.

Life Insurance

Industrial Firms Show Insurance As Asset

Over 40 Corporations Show Cash Surrender Values on Credit Side of Balance Sheets — All Branches of Activity Represented

With important executives being drafted for military and other war duties, the importance of business insurance receives renewed emphasis. These men may have to face great risks. Through a life insurance policy made out in favor of the company, their death may not mean such a disastrous blow to an organization that has taken years to build.

For top executives are usually the best assets a business has.

Recognition of these facts has led Canadian companies to look with increasing favor on this type of business insurance during the past 10 years. An index of the present popularity of life policies on executives is found in the cash surrender values reported in Canadian company balance sheets in The Financial Post Survey of Corporate Securities for 1940. In that publication 43 companies show cash surrender values of life policies totalling over $2.4 millions.

Of course, this figure is no clue to the aggregate of amount of insurance in force. Cash surrender values among other things depend on the time a policy has been in force. Thus a policy for $100,000 in force three years might not have as large a cash surrender value as one for a smaller amount in force 10 years. In term policies there is no cash value.

One company shows cash surrender value of over $400,000, but The Financial Post understands these two policies on the heads of the firm matured recently. And therefore the amount shown was much larger than that for other companies whose policies had many years to run.

Usually Ordinary Life Policies

Nor do figures on cash surrender values tell you what kind of business insurance is carried. Usually the company takes out ordinary life. Yet sometimes term insurance is carried on an engineer working on a particular problem in research which may take a comparatively short period—say two years—to complete. Occasionally an endowment policy is taken.

With these provisions in mind, it is interesting to note, however, that the figures on cash surrender values do reveal the wide diversity of industries represented. The Financial Post Survey shows the amount divided among textile, iron and steel, household appliance, merchandising, foodstuff, construction, beverage and paper companies.

Smaller Concerns Predominate

In the list of 43 companies smaller concerns where management is in the hands of two or three executives seem to predominate. As one insurance man explained, life insurance is taken out more frequently in small private companies where there is considerable fluctuation in earnings and the company have a man who can produce and they can't stand the shock of losing him.

Sometimes a business is run by partners whose affairs are so interlinked that the death of one would virtually mean the dissolution of the business. Here the function of life insurance is very plain.

A particular application was cited by an actuary. "Suppose the controlling stock interest is held by one of three men," he said. "That man may die. Perhaps his sole realizable assets are the stock in the company. His widow may not want to assume an active part in the business. To realize something she must look for a market for these shares.

"It is quite likely the stock will be sold to an outsider. And thus the control passes to someone else. On the other hand, if the company had insured that executive's life, the proceeds of the policy would have given it sufficient cash to buy out that controlling interest."

Used as Sinking Fund

Another instance of the use of life insurance in a purely business sense is as a kind of sinking fund. A policy may be taken out to mature in 20 years when the bond issue falls due.

The life policy on the key executive seems to be favored too in merchandising concerns rather than in the pulp and paper or heavy industry fields. No Canadian public utility companies show life insurance in their balance sheets, according to The Financial Post Survey of Corporate Securities. Nor do banks, trust and loan, or investment companies show this item.

One large food producing company carries straight life on two executives aggregating $1,500,000. It is not known whether these are the largest policies in this class, but it seems likely they are quite close to the top.

Companies listed in The Financial Post Survey of Corporate Securities showing life insurance cash values among their assets are shown below.

It should be remembered that this list includes only companies in which there is a public investment interest. In addition there are hundreds of smaller private companies and partnerships with policies on their key men.

Company	Cash surrender value $
Acadia Sugar Refining	26,323
Associated Breweries	169,744
Beatty Bros. Ltd.	411,377
W. D. Beath & Son	63,608
Biltmore Hats Ltd.	3,359
T. B. Bright & Co.	35,204
Bruck Silk Mills	79,409
Canada Cycle & Motor	450
Canada Packers	345,346
Canadian Bronze	1
Conduits National	17,940
Cooksville Co. Ltd.	27,500
Cosmos Imperial Mills	37,475
Dairy Corp. of Canada	2,006
Eastern Dairies Ltd.	7,540
Edmonton City Dairy	2,006
A. J. Freiman Ltd.	281,356
Gair Company Canada Ltd.	4,700
Gordon & Belyea Ltd.	8,321
Gurney Foundry Co. Ltd.	25,081
Gypsum Lime & Alabastine	51,617
Harding Carpets Ltd.	3,359
Hamilton Bridge Co.	12,500
Hinde & Dauch Paper	52,351
Howard Smith Paper Mills	40,277
Humberstone Shoe Co.	11,942
Hunt's Limited	13,100
International Paints	4,916
Loblaw Groceterias Ltd.	25,595
National Steel Car	170,000
Niagara Wire Weaving	66,551
Orange Crush Ltd.	11,032
Robin, Jones & Whitman	34,621
Russell Industries Ltd.	32,780
Sangamo Company Ltd.	3,021
Silverwood Dairies Ltd.	79,193
Supertest Petroleum	20,269
Tip Top Tailors	116,823
Wentworth Radio & Auto	34,621
Westminister Paper	22,151
George Weston Ltd.	58,149
York Knitting Mills	39,564
Zellers Limited	13,300
Total	2,466,478

Life Insurance At Work

A branch manager for a large creamery in a western city built up a large volume of business. But his salary did not keep up with the business he was developing.

Accordingly he decided to equip a plant and go into business for himself. A friend promised financial backing. He made his plans, secured and equipped a building and turned in his resignation.

Then he found his friend, due to financial reverses, unable to advance the expected funds.

It was too late to change his plans. His resignation had been accepted.

To raise the necessary finances he decided to surrender his life insurance for cash with the intention of replacing it later. Loans, it was decided, would not serve the purpose as he could not pay both the premiums and the interest.

He opened his plant. Payments on plant and equipment were met as they came due, although he and his family lived on a reduced scale of living to do so.

Later by arrangement with his insurance agent he took out $2,500 insurance, the agent to pay the premiums and take out the amount in daily deliveries of dairy products.

Shortly after the man died. The $2,500 insurance enabled the wife to meet immediate expenses, keep the home together and carry on the family business which had been financed in the first place by life insurance.

Obituaries

Gordon C. Brown, vice-president and general manager, Pyrene Manufacturing Co. of Canada, Toronto, aged 42, at Orchard Beach, Ont.

Robert Jaffray Cooper, general manager Goldsmith's Co. of Canada of Toronto at his summer cottage, Lake Simcoe.

Percy M. Yeats of Pickering, Ont., president of Seal-O-Sac (Canada) Ltd., Toronto, aged 57, at Toronto.

HE MORE THAN DOUBLED HIS MONEY!

Actual Case History of Policy No. 42,973
As a thrifty youth, this man bought a Mutual Life of Canada $1,000 Endowment Policy . . . annual premium $20.40. Here's what happened:
Premiums for 40 years $816.00
Dividends amounted to $368.93
Premiums actually paid were only $447.07
. . . for a policy worth $1,000.00
Policyholder gained $552.93
A return of $209.64 for every $100 invested PLUS $1000 protection for 40 years.*
Let The Mutual of Canada help you plan your future!
*The above is a definite case history. We do not guarantee you exactly the same results, for dividends must be commensurate with changing conditions. But in any event all Mutual's profits go to its policyholders—the only owners of the company.
SERVE BY SAVING! War Savings Stamps on sale at all Mutual Life of Canada Branch Offices.
THE MUTUAL LIFE OF CANADA
Established 1869
Head Office Waterloo, Ont.
"Owned by the Policyholders"

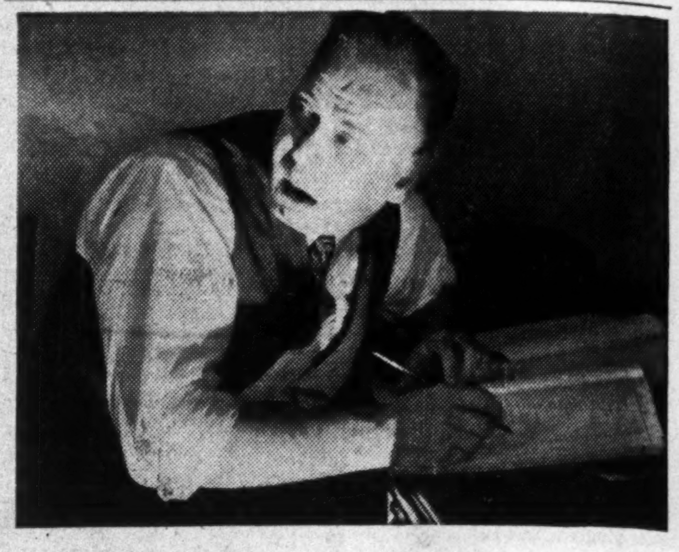
The WAWANESA Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus ... 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
2,000 Agents Across Canada

FIDELITY Insurance Company of Canada TORONTO

All British Strength, Service and Reliability in THE GENERAL ACCIDENT GROUP
357 BAY ST., TORONTO

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY

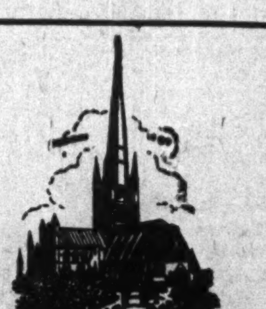
Our 'MUTUAL' Plan Reduces FIRE INSURANCE Costs
LAST year this company's policyholders received $1,531,497 in savings under the Northwestern Mutual plan. Careful selection and inspection of risks, co-operation in fire prevention and efficient management combine to reduce overhead costs to a minimum. You, too, should be participating in these benefits.
HOW THE NORTHWESTERN MUTUAL PLAN OPERATES.
PREMIUM
NET COST SAVINGS
(Above charts are approximate. Consult your nearest agent or branch office for rates and current savings)
APPLICATIONS FOR AGENCIES INVITED
NORTHWESTERN MUTUAL FIRE ASSOCIATION
Assets: $8,970,000
Canadian Head Office: Vancouver



NO ONE EVER SUSPECTED HIM!
Pearl Fidelity Bonds have saved many businesses from loss.
"Old and trusted employee falsifies books" — it's an old, old story. And the tragedy of it for the business man is that little or nothing of what has been stolen can be recovered. Sometimes, such losses are ruinous.
A small premium invested in PEARL Fidelity Bonds will reap a large dividend of peace-of-mind . . . . and may save your business from serious loss. Instruct your agent to insure you in the PEARL. Your inquiry will be welcomed.
PEARL ASSURANCE COMPANY, LIMITED OF LONDON, ENGLAND
Head Office for Canada: Victory Bldg., TORONTO
LAWSON T. HARGREAVES, Manager for Canada
W. C. BUTLER, Supt. Casualty Dept.
THE EUREKA-SECURITY FIRE AND MARINE INSURANCE COMPANY
INCORPORATED 1864 — SAME YEAR AS PEARL — POLICIES GUARANTEED BY THE PEARL

Symbols of Security
National security depends upon united effort.
In the matter of financial security, each individual is "on his own" and must provide for his safety.
Nothing gives the same sense of security to an individual and his family as does adequate life insurance. As evidence of this fact, Canadians have purchased over ninety million dollars of life insurance from this Company during this past year of war.
See a London Life representative.
London Life Insurance Company
ESTABLISHED 1874
Head Office - London, Canada

Stronger than ever, you can trust the stability of the "Norwich".



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Madame Genevieve Tabouis Writes—

Why Great Britain is Sure To Defeat Hitler

The chieftain of the double cross has got the doublecross. Hitler might have done to Britain what he did to France, and almost as fast — if his friends had not gone back on him. They have failed him in other parts of the globe. He finds his maniacal scheme tottering, revolt burgeoning in his enslaved empire.

A refugee from a land enslaved, Madame Tabouis sees triumph ahead for freedom.

The Cassandra of her time and country, Mme. Genevieve Tabouis for years sought vainly to warn against Hitler's aim to conquer Europe and dominate the world. She has met and interviewed Hitler a number of times, the last time (she hopes) in 1936. In May, 1939, she achieved distinction as the only journalist ever to be mentioned by name in a speech by the Fuehrer. Hitler referred to her sardonically as "the wisest of women" who knew what he was going to do before he did.

Her prophecies and other writings during her career, especially as foreign editor of "L'Oeuvre" of Paris during the past eight years, suggest there was more truth than sarcasm in what Hitler said. Up to 1924 she was an Egyptologist and wrote books on the subject. But in the past 15 years she has become widely known as a brilliant interpreter of international politics and personalities.

A bright, grey-haired widow in her middle forties, and in delicate health which prevents her taking exercise, Mme. Tabouis had to flee German-occupied France in a British battleship to escape arrest. She arrived in New York last month—separated from her family, with limited resources, and forced to start her life over again "at zero," as she puts it. She has a son of 22 in military service, and a daughter of 17 whose debut last year was an event of the Paris season.

By GENEVIEVE TABOUIS

Despite all appearances, Hitler's great offensive is not by any means following the planned course of events.

Since last February 12 Hitler has expanded to his intimate circles upon the manner in which his final European battle would be fought in order to guarantee a definite victory.

In other words, he has time and again publicly explained how the war against England would be won.

According to the Fuehrer, this victory depended upon three main factors: meaning that Hitler asked his three Allies, Russian, Italian and Japanese, to act simultaneously in an action which would therefore be combined. It happens that this action is not at all taking place as carefully planned by Hitler and under the conditions which had been more or less promised to him.

Throughout the winter, Dr. Ott, German Ambassador in Tokio, had worked out a plan with the Mikado whereby the latter would attack the English and particularly the American possessions in the Far East on the very day that Hitler would launch the blitzkrieg against England. At the same time, Japan was to threaten the Netherland Indies.

Thus, the crucial time would find the United States far more concerned over the Pacific than for the Atlantic and Europe. Thus also England would have, in addition to the defense of her own capital, many other headaches.

Japan was to be rewarded for these manoeuvres with French Indo-China.

At the same time Count Schulenbourg, German Ambassador to Moscow, was busily negotiating with Molotoff. He demanded of the Soviet Union four things:

Four Demands

1. That some sort of reconciliation take place between Moscow and Tokio at the precise moment when Hitler would initiate his blitzkrieg against England.

2. That Russia threaten British India.

3. That the Soviet Union ship the maximum amount of petrol to Germany.

4. But above all, he demanded that the Soviet Union respect the status quo in the Balkans and that Stalin carry on no activities in these regions which might displease Il Duce.

In respect to Italy, Hitler had made arrangements with Mussolini during their meeting at the Brenner Pass. According to various reports from embassies, it was on that day that Hitler explained to Mussolini his strategy for the attempt in which no man has been successful to this day—the invasion of England!

At the time the Fuehrer prided himself upon the fact that he would take France over within three weeks. He also boasted that he would succeed in invading England through the good services of the French fleet—although Mussolini was sceptical about this.

Death in Three Weeks

And events did take place at an extraordinary rate of speed and—alas—as Hitler had predicted, France was at his mercy within three short weeks.

But the fleet was not turned over to him because it had been destroyed by the British during the battle at Oran. The loss of the fleet was the reason for the delay of Hitler's plans. Originally he planned to launch his most severe attack between July 15 and August 1. He felt Great Britain would have no time to organize or to receive the indispensable material aid from the United States and from her own dominions.

But this fight at Oran altered his whole plan. He was forced constantly to request ships of Mussolini. He demanded much more serious activity on the part of Il Duce in the Mediterranean and, in return, he was forced to lend an attentive ear to Mussolini's wishes.

The Duce had not abided by the decisions made between the two dictators at the time of the French Armistice. At that time Hitler had succeeded in preventing any Italian military occupation upon French territory. He had been able to tone down some of the present Italian demands. Mussolini had agreed to wait for the signature of the Peace Treaty before going ahead with the dismemberment of France and of her colonies.

The Duce now took advantage of Germany's new claims for more co-operation. He initiated a series of diplomatic negotiations at Berlin between his ambassador, Dino Alfieri, and Hitler's Von Ribbentrop. The Duce now claimed from the Fuehrer twice as many French and colonial territories as they had previously agreed. He also demanded now that the new Franco-Italian frontier be the Rhone. He claimed the ports of Marseille and Toulon and all of Algeria and Tunisia. Furthermore, he demanded the right to proceed with his plans of military occupation in French territory at once.

Offered Compensation

The Fuehrer was obliged to comply with Italian requests—and determined at the same time that Italy should not occupy France—he offered Mussolini tempting compensations in the Balkans.

And thus began difficulties between the Kremlin and Wilhelmstrasse!

Stalin had always insisted that Mussolini could not advance in the Balkans in such a way as to constitute a threat to Turkey: first, because it would interfere with Russian progress in the Balkans, and second, because it created a difficult relationship between the Soviet Union and Turkey.

Negotiations between Mr. Schulenbourg and the Kremlin started anew. in the meantime Hitler was forced to launch his attack against England. His own generals were very insistent upon this and they reminded him of his solemn promise to them.

On September 1, 1939, the eve of the war, Hitler had stated: "Your Fuehrer gives you his word that the war will end in one year. I shall never allow Germany to suffer two years of war."

Japan Acts Feebly

So much for Hitler's plans. But what actually happened? Japan fulfilled her promises to Germany in a mild way, carrying through a few feeble attacks against English and American possessions in the Far East. In retaliation, Germany signed an agreement—or a promise of an agreement — with the French Armistice Commission at Wiesbaden in respect to Indo-China. This country had been promised to Japan in return for her co-operation at the time of the final attack against England. The new agreement, supposedly, guarantees France's remaining in Indo-China—but practically on Germany's pleasure. Of course this action will not encourage Japan to keep any promise to Germany in the future.

Italy really did fulfill part of her promises, but she also made no strong attack against the British Navy. Furthermore, her battles were weak and England holds out very well throughout the Mediterranean and in her capital as well.

As for Russia, Stalin dreams of acquiring new lands. Finland is being threatened. And each day her relations with Turkey improve, Moscow grows closer to Constantinople. Above all, the Soviet Union is proving every day, by the major role she is playing in the recent Balkan and Central European developments, that she grows more powerful in her part of Europe and has no intention of being evicted.

Thus, German-Russian relations become worse every day. Goering is frankly worried over them and Nazi officials expect a complete severance in diplomatic relations.

The Soviet has been encouraging the Roumanians to refuse Transylvania to Hungary. Russia fears German and Italian expansion in the Balkans above all things, because it would mean a Hungarian advance in Roumania and Italian advances into Greece. The Roumanian capitulation of last week will certainly not improve the Russ-Nazi relations.

"The Balkans seem to be filled with barriers which the Soviet Union builds against us every day" is the refrain on the Wilhelmstrasse.

As a result of all these difficulties, the Fuehrer is forced to attack England alone—contrary to all his plans. Also Berlin finds herself on the verge of seeing a war in Central Europe and in the Balkans—a development which Hitler feared above all others ever since the beginning of his war.

Because a war between Hungarians and the Roumanians would immediately involve German, Russian and even Italian soldiers fighting AGAINST each other!

It is probable that Hitler's diplomacy will once more be able to persuade the Kremlin. Stalin is not ready to turn toward the democratic countries for the present. And if he provoked the troubles in the Balkans it was merely to prevent any German or Italian expansion which might have interfered with his own progress.

So one can't help wondering what type of help Hitler can depend upon in future months from these two allies.

Much More Favorable

And that is why the position of the British Empire is really much more favorable than is generally believed.

Hitler has already been forced to change his plan of attack against Great Britain. It is reliably reported that, during the Vienna conference, Ribbentrop proposed this new plan to Ciano:

In view of the fact the air raids in England were not as successful as could be wished and the planned landing of Germany's forces in London might not success after all, new methods had to be found:

Therefore, Ribbentrop suggested, in order to dismiss, or at least, appease Mussolini's ambitions for the occupation of the Central part of France and his desire to expand in the Balkans, and in the Mediterranean, Hitler should offer Mussolini substantial German forces which would help the Duce to attack England through the Mediterranean.

In this way all British communications with the Asiatic continent would be shut off. England would be deprived of the Mosul, Iraq and Iran petroleum.

The Italians were made to understand that it was much more important, for the time being, to overcome Great Britain in the Mediterranean than to win the battle in London. Ribbentrop pointed out that if the Axis could definitely rule the Mediterranean it could prevent any possibility of a change in the relationship of the Balkans, Turkey and even the Soviet Union toward the Axis.

Fuehrer Insistent

The Fuehrer insisted upon the adoption of this new plan. He pointed out that difficulties might develop in the Balkans any day. Sooner or later, he pointed out, the democracies would be the beneficiaries of such troubles.

In conclusion, the plan stated that as soon as the Axis would rule the Mediterranean and the British fleet was beaten at Alexandria, the action on Great Britain would slow up. And in the middle of the winter, when the famine will rage through Europe, Germany would offer peace to London—"under excellent terms"—the Fuehrer stated.

England would be forbidden all further production of planes and the maintenance of an army. But she would keep part of her navy, some colonies and her dominions. In return, London must recognize, once and for all, the German hegemony in western Europe.

London would also have to agree to the German reorganization. For instance, Hitler would begin by sending and installing German forces in Calais, Cherbourg and Brest.

The plan thus outlined by Ribbentrop was just part of Hitler's great plan to conquer the world. The second part would be the "episode" of reconquest from Russia of all the countries which she had acquired through the condescension of the Axis: Poland, the Scandinavian and Baltic countries.

The ultimate point of this great and all-inclusive plan would be the conquest of America: "North America for Germany, South America for Italy."

What does Italy really think of this plan? Il Duce already fears the tremendous German expansion in Europe.

Will the Fuehrer be forced to carry on his shoulders the whole burden of future hostilities?

The day the German people realize that the British Empire refuses to accept any compromise peace; the day they understand that the United States has now linked its national defense with the protection of the British Empire: on that day the world will witness the most dazzling collapse of an empire which has beaten all records in world history.

Built in a few months, it will probably collapse within a few weeks.

Naturally, this depends upon the effort made by Great Britain within the next three months. At that time weather difficulties will defeat all German attacks. Hitler will be lost. Everything turns again in favor of the democracies.

Fifth Column Fails

It was Hitler's invariable rule to attack a country only after the Fifth Column within it had been able to create a sufficient number of traitors.

For the first time Hitler has had to forego the method which brought nine countries under his domination.

When the bombs pour on London there is not one Englishman who does not have faith in British resistance who is not calmly confident that Great Britain will fight it through and carry the war.

Once more in the world the spirit will conquer over force!

Canada Must Have More Steel

By ARTHUR D. ELLWOOD
Investment Editor, The Financial Post

For the past four months Canada's primary steel industry has been running at a percentage of theoretical capacity which leaves a dangerously small reserve margin.

Basic steel ingot producing capacity is 2.2 million tons annually in Canadian furnaces. In July this industry operated at 93% of this theoretical capacity. For the past four months the industry has operated at a 2 million ton rate.

One result is that furnaces cannot be shut down for the periodic rebuilding and repairing so necessary for efficient operation.

This is one of the major problems now facing Canada's new steel controller, Hugh Day Scully.

Limited Building

There are no blast furnaces under construction in Canada right now, nor are any planned, The Financial Post is told. Building a blast furnace is a slow process taking probably six months under normal conditions. With delayed deliveries on much equipment the rule at present, the period before new producing facilities could get into operation is probably considerably longer than this.

Moreover, much of the machinery and equipment to build a complete blast furnace unit would have to come from the United States, it is said, although some Canadian firms have gone a long way in producing steel mill equipment. Imported machinery costs at least 21% more now than it did before the war because of exchange and the new import tax. Companies are not anxious to start a building programme which would not be used under normal peacetime conditions.

To give Canada a "safe" reserve of basic ingot steel and provide for anticipated war needs in the next six months, Canada will require some 600,000 additional tons, it is said. There are several possible remedies, aside from construction of new capacity.

One possibility that will likely be used is a system of inter-company rearrangement of rolling mill schedules. This would apparently mean that a surplus of rolling mill capacity at one plant might be supplied from a surplus of ingot capacity at another—and vice versa. The objective would be to assure maximum use of all available equipment. It is estimated that from 2% to 5% in added productive power can be obtained in this way.

Cut Normal Consumption

A second possibility is to cut down normal consumption. If drastic enough, it is conceivable that this method could provide the whole required 600,000 tons needed for war purposes. It is understood that Ottawa authorities want to avoid any complex "control" plea. There will be no "cracking down." Producing companies and consumers are to be placed on the honor system. Priorities in deliveries come into the picture in cutting down normal consumption. The steel controller will probably advise the companies what to do in this regard.

Steel can be saved in various ways, one of which is to substitute other suitable materials. The Canadian Government is the largest factor in the construction industry at present with its multitude of war needs. Hangars for the air force are a huge item.

Original specifications for these buildings called for a particular type of window bracing including a steel brace to cost $2.65 each and thousands were needed. There is a possibility that this may be replaced by a brace made from Canadian hardwood which will cost 12 cents each and be just as strong.

There are many other examples, the result of co-operation between the various controllers who comprise Canada's Wartime Industries Control Board.

Buy in U. S.

The third possibility is to buy necessary steel in the United States. This has obvious drawbacks, one of which is that it uses up U. S. exchange in large quantities.

Moreover, because of the discount on Canada funds and duties, the cost is away up from before the war.

Talk of near capacity operations in the U. S. steel industry does not likely indicate a condition which would make it impossible for Canada to get badly needed steel for defense purposes. The mutual defense programme will surely take care of that.

Immediate Adjustments

Immediate moves are being made to adjust certain weaknesses. For example, Steel Co. of Canada is going to increase pig iron capacity, a shortage of which has developed in its operations. This company's new 110 inch plate mill is to be ready about Jan. 1, putting an added demand on production of the primary ingots.

Officials are also trying to work out a plan for Steel of Canada to go into the production of armor plate. Dominion Foundries & Steel, at present only Canadian producer of this essential war need, may be unable to turn it out fast enough. Armor plate production is a bottleneck in war preparation almost everywhere. The United States is finding this out right now. One trouble is that production of good grade armor plate is a long and difficult process that cannot be hurried to any appreciable extent while still turning out a high grade product.

Armor Plate

So far the productive capacity of Canada's armor plate industry has not been taxed in any way but this is simply because output of armored vehicles and tanks is only getting under way. At present, enough armor plate to produce one medium tank per week is being made, as well as larger quantities of the lighter grades used to equip such vehicles as Bren gun carriers which are now being made in Canada.

Canadian plants can produce armor plate up to 60 millimetres thick, a weight of armor said to be effective protection against anything up to a 2-in. anti-tank shell. The meticulous fitting demanded by British army specifications slows up production of this type of material to an extent which Canadian steel men claim is not justified by any conceivable better results obtained.

Adds Rolling Capacity

Algoma Steel is increasing its rolling capacity. Unlike Steel of Canada, this northern producer has an excess of pig iron capacity right now. Also Algoma is going to rebuild some of its furnaces. Latest available statistics show this company with two of its four blast furnaces not in use.

These two companies offer an excellent example of what is meant by rearranging of rolling schedules.

As for Dominion Steel & Coal, eastern Canada's great steel enterprise, the main problem is what to do with its properties at Ojibway, Ont. Acquired some time ago from U. S. Steel, this plant is in partial operation but contains large productive facilities that are not being utilized. It would be a long job, however, to place the Ojibway plant in full operation.

A trip through a steel making centre reveals at once that this industry is in a stage of flux which makes any word as to capacities or production today likely out of date a month from now. The methods used by both the British and Canadian Governments in supplying machinery and equipment and financing plant extensions leave the companies little alternative except to go ahead with additions whenever called upon. Thus, Canada's steel industry, which in pig iron output at least is little ahead of 1918, may be an entirely different affair before another year has passed.

(See article on steel firms p. 4)

Pulp and Paper Industry

Abitibi Bondholders' Actions Defended

Vancouver Man Replies to Gibson Claims Holding That Important Points Overlooked

By Equity Spokesman

Letters from D. H. Gibson, chairman of the preferred shareholders' protective committee of Abitibi Power & Paper Co., published in the Aug. 17 issue of The Financial Post, draws a reply from R. W. Shepherd, of Vancouver.

Mr. Shepherd claims that the Gibson letter failed to point out that shareholders and unsecured creditors have only to pay the debt they owe to the bondholders to get back their property under the plan of procedure. He maintains that reference to rights of minorities in the Gibson letter is unsound as it is not by virtue of providing a majority of the capital invested in Abitibi that bondholders acquire a prior claim, but by virtue of the provisions of the trust deed securing their bonds.

As for the position of the Ontario Government, Mr. Shepherd maintains that this government is far more a trustee of civil rights and liberties than it is of the province's timber areas. This trusteeship includes protection of contract rights.

Mr. Shepherd's letter follows:

Mr. D. H. Gibson in his letter protesting the sale of Abitibi in your issue of Aug. 17 does not menton that provision is made in the plan of procedure of the bondholders protective committee to enable the shareholders and unsecured creditors individually to repurchase their interest in the company for the amount of the debt they severally owe to the bondholders and further that they have a matter of two years to consider and exercise this option.

This being the case the shareholders if they choose will be able to recover their interest in the property, clear of all funded debt, and if his opinion of the value of the assets involved and glowing estimate of their earning power are correct I fail to see how they are subjected to any inequity in doing so.

It may be as he says that "many large bondholders have distinctly stated . . . that they are not in favor of the policy of foreclosure," but he does not say that they are solely bondholders and for anything that appears in his letter they may be large shareholders too, in which case their attitude would be understandable, whereas on the other hand, 60% of the bonds are held by people who are distinctly in favor of the policy adopted and there are many more on the fence.

Who Are Minorities

What exactly does Mr. Gibson mean by his reference to the rights of minorities? What minorities? It is quite true the par value of the preference capital is less than that of the bonds, some 75% in fact if that is what is implied, but the bondholders do not acquire their rights of priority from the relative amounts of capital subscribed by the different groups, Mr. Gibson knows this perfectly well, but from the terms of the Trust Deed on which the bonds are secured.

It is now some eight years these bonds have been in default and the shareholders have produced no reasonable scheme of settlement. I think I have seen all their plans of compromise, all which were sufficiently important to appear in the press at any rate, and while all paid lip service to the bondholders' claims, all, even those purporting to act solely in the bondholders' defense, with the exception of those of the bondholders' protective committee, appeared to me to subordinate bondholders' essential interests to those of the junior securities.

The bondholders' protective committee's 1937 plan of reorganization, which contained a substantial offer to the holders of junior securities, was opposed by these holders and ultimately disallowed by the court and one is forced to the conclusion that no matter what is offered them, short of a surrender of all rights, like Hitler they will always ask for more.

Protection of Contracts

The Ontario Government is the trustee of interests much greater than the publicly owned timber areas. It is the trustee of civil rights and liberties in the province, including the liberty to freely enter into contracts formed in accordance with its laws and the rights to enforce these contracts, a right with which the Attorney-General's attitude seems strangely at variance, and which the judge who ordered the sale himself deprecated.

If the present is not a time "with conditions tremendously improved" for rectifying the irregularity in the company's position, when is such time likely to occur? When conditions are deteriorating? The shareholders have had eight years to produce a satisfactory plan and they have failed to do so. They have still two years in which they may recover their interest on paying their due proportion of the debt. Surely that is time enough.

To have voluntarily accorded them this option does not look like rapacity on the part of the bondholders' protective committee, to describe which as "a small group being permitted to manoeuvre itself into a position and literally squeeze out all of the unsecured creditors and preference and common shareholders" is a gross distortion of fact.

The position does not call for these exaggerated outbursts or vague references to "act of great injustice," "the rights of minorities" and to "our democratic financial system," whatever that may mean, but for calm consideration of the facts of the case, and security holders at large will have more grounds for disquiet if they find that large interests parading under the guise of minorities are able to evade their proper obligations than if it is held that a bond is still a bond, nor will the fate of our capitalistic system be sealed by due recognition of the terms of contracts.

Pulp Prices To Hold Level

Final Quarter of 1940 Will Probably See N.Y. Quotes Unchanged

Contract prices for pulp are unlikely to be changed for the final quarter of 1940, according to the New York Journal of Commerce. Final prices are likely to be announced within a few days.

In spite of a large increase in domestic production and larger imports from Canada to the United States, it is said that maintenance of pulp prices at current levels is due to a growing realization that larger shipments of European pulp are unlikely.

Only imports into the United States of Scandinavian pulp during the past few months have come from Finland by way of the Arctic port of Petsamo.

Even this small flow is likely to fail when winter approaches, although Petsamo itself is free from ice. June imports from Finland were only 8,615 tons, mostly sulphate. During the same month Canada supplied the United States with 84,521 tons.

Grades of pulp going into the manufacture of kraft paper have been weaker in New York recently. Chief reason for this is said to be the offering at lower prices of southern kraft pulp which had originally been sold to France.

Puget Sound Plans Addition to Plant

From Our Own Correspondent

MONTREAL. — Shareholders of Puget Sound Pulp and Timber Co. will vote on Sept. 9 on a plan to increase capacity of the plant to 150,000 tons of unbleached sulphite yearly, from the present capacity of 100,000 tons. Cost of the addition is estimated at $1.5 million.

It is proposed to borrow the necessary funds by means of an unsecured serial bank loan, maturing from 1941 to 1945, respectively, at interest ranging from 3% to 4½%.

CONSOLIDATED PAPER

From Our Own Correspondent

MONTREAL. — Consolidated Paper Corp. Ltd. has advised the Montreal Curb Market that at July 31, 158,076 shares of the company's capital stock had been issued in payment of interest on the first mortgage bonds which was due July 2, 1940. At the end of July, the outstanding capital stock totalled 2,466,865 shares.

JAMES W. SEWALL
Ruttan Block, Port Arthur, Ont.
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER

Canada Packers Adds to Board

Number Increased to 15—Five New Directors Appointed

Approval was given at the annual meeting of Canada Packers Ltd. last week for an increase in the board of directors from 12 to 15 members. Two directors have retired, while five new directors and two new vice-presidents have been appointed.

N. J. McLean, general manager, and S. G. Brock, secretary-treasurer, assume additional duties as vice-presidents.

The new directors are as follows: C. C. Polkinghorne, general sales manager; Charles Wadge, assistant secretary; W. R. Carroll, branch house department manager; H. M. Murray, pork division manager; Phil. Laberge, sales manager for Quebec Province. The first four are all of Toronto and Mr. Laberge of Montreal.

The appointment of Mr. Laberge was made in line with the feeling of directors that, in view of the large number of French Canadians employed by the company, they should have a representative on the board.

The two retiring directors are A. G. Hall of Toronto and G. S. Matthews of Peterborough, Ont.

Urges Planning For Post War In Nova Scotia

Premier MacMillan Sees Industry Migrating to Canada

From Our Own Correspondent

MONTREAL. — Formation of a voluntary committee to formulate plans for the postwar period in the province was proposed by Premier A. S. MacMillan before a meeting of the Commercial Club at Halifax. He announced his intention to call for volunteers. Outline for a programme of promoting the industrial growth of Nova Scotia by capital and industry migrating from Europe was outlined by the Premier.

While not forecasting wholesale evacuation of the British Isles, Mr. MacMillan expressed the belief that the management of many British industries will consider establishment in Canada of businesses.

Mr. MacMillan stated:

"Now it stands to reason that much of this business will be of such a nature that it will be compelled to seek a situation in the centre of our Canadian population. Such business will, of course, go to central Canada, and central Canada will be organized to receive it. We shall not complain about that. Nevertheless it seems to me inevitable that in a country like Britain there must be hundreds of industries whose activities are tied up with the sea to such an extent that the martime position of Nova Scotia will appeal to them and that we must be prepared to make known to them the advantages we have to offer."

Provincial Responsibility

The Dominion Government is engrossed in the war effort, Mr. MacMillan said. It is therefore up to the provincial governments and citizens to formulate policies designed to meet the situation when it arises.

"I believe that the Government and the people of this province, or the Maritime Provinces, should, without delay, co-operate in the formation of an organization capable of making intelligent, far-reaching plans and of translating these plans into action. I think Governments should give a lead in this movement, but, to be effective, the organization should be non-political, and representative of all classes—labor, and capital, businessmen, professional men, educationists, farmers and fishermen."

Urges N. S. Lead

The Premier urged that Nova Scotia take the lead in the Dominion's effort at post-war planning. He drew a comparison of the resources of Nova Scotia and Great Britain, which should ensure Nova Scotia a reasonable share in the business that would migrate to Canada if British industry decides to move its plants.

Nova Scotia has ample supplies of coal, the Premier stated. Nearly all the iron ore used in the steel industries in central Canada has to be imported from another country. Nova Scotia is the only province that has the necessary ingredients of iron and steel. The province has important forest resources. It has extensive fisheries, and its agricultural capacity could be easily trebled.

Despite the latter fact Nova Scotia is importing $4 millions of dressed meats and poultry, of which it could produce nearly 70%. Other vital commodities such as copper, nickel, antimony and other metals are within easy access to Nova Scotia.

Groundwork Laid

Nova Scotia is an ideal location for the type of manufacturing whose primary market is for export or for the class of industry whose activities are closely associated with the sea.

If the demand for electric energy were large enough the province could produce power at a price close to that prevailing in Ontario and Quebec. Numerous sites could be developed for hydro-electric power and accessibility of coal makes production of steam-electric power cheap.

The Economic Council of Nova Scotia has made surveys of the province's resouces which would be of value in establishing such a committee as the Premier proposes.

The east coast also offers possibilities for the creation of a large ship-construction industry.

Concentration of industry and finance in central Canada has gained considerable momentum for the past many years, but Nova Scotia has the means to attract its share of any industry that might establish in Canada, according to Mr. MacMillan.

Government Deposits Drop $66 Millions

Decline Evidently Reflects War Expenditures—Public Demand and Savings Deposits Show Increase Over Previous Month

Effect of Government war expenditures is seen in the return of the Canadian chartered banks to the Minister of Finance as of July 31.

Government deposits during the month declined $66.1 millions, evidently reflecting expenditures by the Dominion Government for war purposes. A large part of this, probably most of the money spent in Canada, has found its way back to the banks in demand and savings deposits by the public. The former were up $30 millions over the previous month and the latter $3.6 millions. Some of the increase possibly also represented money withdrawn from the banks in June being returned in July, as well as surplus earnings of war workers.

Compared with a year ago, demand deposits were $157 millions higher while savings deposits were down $84.6 millions.

Wheat Loan Reduced

Current loans to business were down $10.6 millions for the month but up $111.2 millions compared with a year ago. The decline in loans from the previous month is to some extent seasonal. In five of the last seven years declines in July compared with June have been seen. One increase was registered (in 1937), and in one year (1938), there was practically no change. Loans to business for both peacetime purposes and production of war materials are stated to be well maintained. But during July it is understood a substantial volume of wheat loans was paid off by the Dominion Government. This amount appears to have been large enough to affect the total.

Call loans again were lower in both monthly and yearly comparisons, reflecting the small amount of speculative activity. Provincial loans were lower on the month but up on the year while municipal loans were down in both cases. With total loans in Canada showing a greater relative decline than deposits, The Financial Post Credit Index, which is the ratio of current and call loans in Canada to demand and savings deposits, was 1% lower than in June but 3% above July, 1939.

Cash Position

The banks' cash position continued strong, holdings of $277 millions being $5 millions above June and $10 millions above July, 1939.

Both short-term and long-term investments were down from the previous month, but compared with last year short-term securities were up $253 millions. Long terms were down $151 millions, however.

Note circulation of the chartered banks was down $5 millions from the previous month and $564,000 from last year.

Important items in the statement with comparisons follow:

Use of Bank Credit in Canada
(In Millions of Dollars)

	July 1940	June 1940	Change	July 1939	Change
Loans	1,091.5	1,106.1	—14.6	998.4	+93.1
Investments	1,576.0	1,583.0	—7.0	1,520.3	+55.7
Total	2,667.5	2,689.1	—21.6	2,518.7	+148.8
Deposits	2,464.0	2,430.0	+34.0	2,391.4	+72.6
Credit index*	39.1%	40.1%	—1.0%	36.1%	+3.0%

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

ASSETS

	July 1940 $	June 1940 $	Change $	July 1939 $	Change $
Immediately Available Liquid Assets					
Canadian coin	5,370,591	4,496,763	+873,828	5,676,665	—306,074
Bk. of Can. notes	77,432,815	58,606,414	+18,826,401	53,832,318	+23,600,497
Bk. of Can. depos.	194,413,616	208,526,944	—14,113,328	206,916,552	—12,502,936
Bank's cash	277,217,022	271,630,121	+5,586,901	266,425,535	+10,791,487
Other banks notes	3,750,924	3,911,370	—160,446	6,638,334	—2,887,410
Gold & sub. coin abd.	4,214,398	4,209,926	+4,472	5,578,873	—1,364,475
Foreign banks	175,068,966	191,850,055	—16,781,084	217,822,774	—42,753,808
Foreign curr.	28,968,504	26,482,347	+2,486,157	32,857,535	—3,889,031
Gov. sec. short term	699,592,582	701,558,290	—1,965,708	446,167,762	+253,424,820
Do., long term	609,719,931	611,396,395	—1,676,464	760,843,905	—151,123,974
Call loans abroad	38,764,161	40,057,306	—1,293,145	42,682,852	—3,918,691
	1,837,296,488	1,851,095,810	—13,799,322	1,779,017,570	+58,278,918
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	93,282,320	92,643,953	+638,367	102,738,622	—9,456,302
Public secs.‡	60,729,917	62,605,356	—1,875,439	82,434,615	—21,704,698
Other secs.	112,720,004	114,820,663	—2,100,659	128,154,173	—15,434,174
Can. call loans	38,47[illegible]	39,028,457	—548,828	51,239,956	—12,760,327
Current loans	925,197,994	935,847,848	—10,649,854	813,947,295	+111,250,689
Loans abroad	133,455,322	141,300,424	—7,845,102	144,928,018	—11,472,696
Prov. loans	14,569,393	16,339,906	—1,770,513	13,816,048	+753,345
Mun. loans	113,276,220	114,939,801	—1,663,581	119,358,195	—6,081,975
	1,491,710,799	1,517,526,408	—25,815,609	1,456,616,927	+35,093,872
OTHER ASSETS					
Non-current loans	7,983,929	7,947,601	+36,328	8,995,959	—1,012,030
Real estate	7,521,089	7,603,728	—82,639	7,900,536	—379,447
Mortgages	3,939,955	3,938,365	+1,590	4,132,771	—192,816
Premises	71,956,867	71,881,743	+75,124	72,138,479	—181,612
Letters of credit	66,216,252	64,341,057	+1,875,195	55,814,282	+10,401,970
Loans to comp.	11,119,056	11,147,299	—28,243	11,432,861	—313,805
Other assets	2,243,292	2,381,079	—137,787	2,139,616	+103,676
	170,980,440	169,240,872	+1,739,568	162,554,504	+8,425,936
Total	3,499,987,727	3,537,863,090	—37,875,363	3,398,189,001	+107,798,726
Note circ. dep.	4,851,853	5,203,160	—351,307	5,100,042	—248,189
Int. bank bal.	111,788,780	122,915,500	—11,126,720	116,624,761	—4,835,981
Gross	3,616,628,360	3,665,981,750	—49,353,390	3,519,913,804	+96,714,556
LIABILITIES					
To the Public					
Circulation	92,271,313	97,286,050	—5,014,737	92,835,769	—564,456
Dom. Govt.	136,767,127	202,962,399	—66,195,272	64,928,562	+71,838,565
Prov. Govt.	73,469,564	73,346,649	+122,915	63,279,809	+10,189,755
Deposits by Public					
Demand dep.	851,518,297	821,224,527	+30,293,770	649,169,484	+157,348,813
Savings dep.	1,612,549,076	1,608,863,422	+3,685,654	1,697,240,089	—84,691,013
Total	2,464,067,373	2,430,087,949	+33,979,424	2,391,409,573	+72,657,800
Foreign dep.	421,507,238	437,375,757	—15,868,519	474,232,824	—52,725,586
Due to Banks Abroad, Etc.					
United Kingdom	19,057,605	19,125,384	—67,779	13,082,835	+5,974,770
Foreign	28,581,778	28,761,165	—179,387	45,351,573	—16,769,795
Bills payable	214,475	66,318	+148,157	300,977	—86,502
Letters of credit	66,216,252	64,341,057	+1,875,195	55,814,282	+10,401,970
Other liabs.	4,258,229	4,176,810	+81,419	3,528,861	+729,368
Total pub. liabs.	3,306,410,954	3,357,529,538	—51,118,584	3,204,765,065	+101,645,889
Liability to Shareholders					
Dividends	2,749,452	1,446,296	+1,303,156	2,721,762	+27,690
Reserve	133,750,000	133,750,000	....	133,750,000	....
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	3,598,838,458	3,648,926,922	—50,088,464	3,506,597,893	+92,240,565

‡Other than Canadian.

Can. Permanent Makes B. C. Appointments

Canada Permanent Mortgage Corp. and Canada Permanent Trust Co. announce three new appointments in the B.C. division.

Harold G. Forson, C.A., becomes manager of the Mortgage Corp. for British Columbia following the death of the former manager, Albert Whittaker. W. J. Bell is the new assistant manager. Harry E. Bond, barrister, becomes manager of the Trust Co. for B.C.

All three men have long records with the companies. Mr. Forson has been in the employ of Canada Permanent for 35 years, Mr. Bell for 15 years and Mr. Bond with the Trust Co. for nine years.

Can. Canners Again Pays 12½ Cents on Common

Canadian Canners Ltd. announces the dividend policy, established in the first six months of the year, is being continued in connection with the third quarter payments.

Distribution on all three classes of stock are being made Oct. 1, to shareholders of record Sept. 14. The dividends include 12½ cents per share on the common; 15 cents plus 5 cents participating payment on the second preferred; 25 cents plus 5 cents participating payment on the first preferred.

Similar payments were made July 2 and April 1.

Marshalling Hydro Power Resources

Rising Activity Makes Allocation of Energy Vital to War Need

From Our Own Correspondent

MONTREAL. — Appointment of Herbert J. Symington as power controller is the Dominion Government's first move to clarify the power situation in Canada and to marshal electric power resources for maximum utilization. Since the outbreak of war rapidly rising industrial activity has altered the entire picture. Requirements for the present and future make imperative a comprehensive survey and plan for the allocation of power.

It will be Mr. Symington's duty as a member of the new control board at Ottawa to allocate this electric energy according to needs for war work. That is the function of the new office, stated as simply as possible, but it has numerous ramifications.

Problem Concentrated

Co-ordination and conservation of power resources will present a few ticklish problems. The two central provinces, Quebec and Ontario, will be affected most by the Dominion Government's organization to centralize power control. There will be the problem of supplying power for other projects in all parts of Canada, but because the industrial area is in these two provinces, the greatest problems will be concentrated here.

At this time Quebec is advantageously placed in regard to power reserves. Power operators and the Quebec Government will approach the problem in a mood of co-operation, but naturally feel that the province's superior power reserve position should accrue to its advantage.

Spirit of Co-operation

Appointment of a controller from Quebec province is more likely to gain the co-operation of the Government and private sources than of someone from outside the province, it is argued.

The two viewpoints held in Quebec and Ontario must be brought closer together under the sponsorship of the senior authority. While the opinion in Quebec is that the province's power resources should be used as much as is practically possible to aid Quebec industry, the unanimous sentiment is that nothing should be done to impede the Canadian war effort.

A redress of the favorable balance of power reserves must be made by Quebec, it is believed. There is ample energy available at this time, which only last fall was considered a threatening surplus. On the other hand, spectacular increases in power consumption in Ontario in the past several months has brought that province to the point that it must begin an active search for new sources of energy.

Survey Started

To attain a redistribution of power according to war needs the two principal producers and consumers must be brought together. The work of surveying resources has commenced and interested parties sounded out, but there has been no conference between the key individuals concerned.

Creation of this new post of power controller will bring the matter to a head in the near future.

The situation in regard to available power is not considered serious at the moment. Quebec has two power pools upon which it may draw, but Ontario is in a position where it must worry about supplies if loads continue the same upward trend in evidence in the past few months. The Ontario Hydro-Electric Commission can draw upon 100,000 h.p. from Quebec companies, but prospects for new supplies from the St. Lawrence project appear too remote upon which to pin any hopes.

Vital Factor

Availability of ample electric energy is a prime consideration in locating industrial plants, a fact which Quebec is not likely to overlook when entering negotiations.

Both Ontario and Quebec have established control boards for power resources, and it will be necessary for the new power controller to effect a closer liaison with these bodies in conjunction with the Dominion's arms programme.

Creation of the Dominion control has been regarded by the industry for a long time as the only step likely to clarify the situation. What steps the Dominion Government will take to effect a working agreement are still a matter of conjecture.

Celanese Pays 50 Cents Extra

From Our Own Correspondent

MONTREAL.—Canadian Celanese Ltd. paid a dividend of 25 cents a share on the common stock, plus an extra dividend of 50 cents a share for the quarter ending Sept. 30, on Sept. 30 to shareholders of record Sept. 16.

Regular quarterly dividend of 25 cents was paid on the common stock for the second quarter, as well as the first quarter. The current payment brings total for the year to $1.25 a share. Dividends paid during 1939 totalled $2.85 a share, of which 35 cents was in respect of 1938 earnings. Regular quarterly dividends of 25 cents a share were paid, plus an extra dividend of $1.50 a share at the end of the year.

Directors of the company also declared the regular quarterly dividend of $1.75 on the 7% participating preferred, payable on the same date as the common.

Foreign Exchange

During the week Aug. 27 to Sept. 2 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Sept. 2

Australia	3.58	N. Zealand	3.61
India	.3368	S. Africa	4.47
Japan	.2605	Hong Kong	.2496

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Sault Ste. Marie, Ont. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Position of Chartered Banks of Canada as of July 31, 1940, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation $	Deposits by and Bal. Due to Dominion Government $	Deposits by and Bal. Due to Provincial Governments $	Advances from Bank of Canada $	Demand Deposits in Canada $	Savings Deposits in Canada $	Deposits Elsewhere $	Bal. due to other Banks in Canada $	Due to Banks in U.K. $	Due to Banks Elsewhere $	Bills Payable $	Letters of Credit outstanding $	Other Liabilities $	Dividends Declared and unpaid $	Reserve Fund $	Capital Paid Up $	Total Liabilities $
Montreal	21,219,787	39,949,660	22,214,651	....	222,925,190	426,959,807	93,091,198	2,501,936	6,616,390	8,550,850	50,421	10,391,937	3,614,242	747,161	39,000,000	36,000,000	933,833,237
Nova Scotia	8,724,506	11,306,855	2,083,607	....	58,057,394	150,136,316	42,971,403	2,323,248	1,903,250	1,126,261	....	8,172,921	27,799	13,804	24,000,000	12,000,000	322,747,368
Toronto	3,693,914	10,107,786	1,312,196	....	47,673,923	87,005,413	946,149	337,845	601,733	418,442	....	1,515,137	....	150,461	9,000,000	6,000,000	168,763,003
Provinciale	2,729,763	1,670,273	586,008	....	8,157,243	35,854,445	18,931	840	....	32,112	....	10,746	....	3,777	1,000,000	4,000,000	54,063,959
Commerce	16,989,056	20,610,427	18,706,142	....	166,085,866	317,037,333	61,400,582	758,021	1,859,197	6,057,227	....	22,068,186	5,117	612,117	20,000,000	30,000,000	682,218,505
Royal	24,708,953	29,478,826	12,991,636	....	235,846,664	328,511,498	213,770,410	214,550	3,525,638	9,140,390	14,434	17,650,552	....	725,439	20,000,000	35,000,000	931,714,181
Dominion	4,396,069	5,957,079	1,491,327	....	36,316,955	75,721,164	5,269,460	1,048,598	288,181	382,771	149,620	3,281,105	....	176,166	7,000,000	7,000,000	148,877,192
Nationale	4,791,930	4,853,016	687,673	....	30,236,086	91,816,934	1,004,565	1,891,798	97,488	310,060	....	696,280	548,315	144,372	5,000,000	7,000,000	148,652,915
Imperial	4,610,240	10,705,799	13,369,284	....	42,784,902	93,081,972	283,073	1,323,304	938,337	479,507	....	1,986,888	62,707	176,155	8,000,000	7,000,000	184,739,468
Barclays (Canada)	407,095	2,227,406	27,040	....	3,434,074	6,404,194	2,691,467	28,212	3,227,391	2,084,158	....	442,500	....	....	750,000	1,500,000	23,223,543
Total	92,271,313	136,767,127	73,469,564	....	851,518,297	1,612,549,076	421,507,238	10,428,052	19,057,605	28,581,778	214,475	66,216,252	4,258,180	2,749,452	133,750,000	145,500,000	3,598,838,458

SUPPLEMENTARY INFORMATION

NAME OF BANK	Capital Authorized $	Capital Subscribed $	Last Dividend %	*Loans to Directors and firms of which they are Partners $	Average Notes and Deposits with Bank of Can. $	Greatest Amount of Notes in Cir. $
Montreal	50,000,000	36,000,000	8	438,130	85,918,008	21,258,307
Nova Scotia	15,000,000	12,000,000	12	2,993,281	23,109,000	9,486,011
Toronto	10,000,000	6,000,000	10	402,174	21,426,568	3,781,964
Provinciale	5,000,000	4,000,000	6	173,631	4,538,483	2,777,045
Commerce	50,000,000	30,000,000	8	1,419,542	45,159,874	18,043,252
Royal	50,000,000	35,000,000	8	1,977,724	59,447,308	27,594,984
Dominion	10,000,000	7,000,000	10	314,236	16,357,507	4,589,819
Nationale	10,000,000	7,000,000	8	353,473	9,693,972	4,824,000
Imperial	10,000,000	7,000,000	10	676,109	11,591,809	4,801,035
Barclays (Canada)	1,500,000	1,500,000		3,861	2,141,176	428,639
Total	211,500,000	145,500,000	....	9,012,163	279,385,603	97,579,9[illegible]

*Of this amount $53,284,354 represents deposits in Canada in currencies other than Canadian. *And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada $	Gold and Subsidiary Coin Held Elsewhere $	Notes of Bank of Canada $	Deposits with Bank of Canada $	Notes of Other Banks $	Govt. and Bank Notes other than Canadian $	Cheques on other banks $	Balances due by other banks in Canada $	Due by banks in U.K. $	Due by banks elsewhere $	Govt. sec. short term $	Govt. sec. long term $	Canadian municipal securities $	Public sec. other than Can. $
Montreal*	1,229,585	85,249	22,030,382	58,492,571	1,048,381	864,187	28,897,255	....	2,291,789	48,961,290	229,841,794	176,343,603	20,578,379	16,948,840
Nova Scotia	353,204	1,270,645	5,305,780	19,843,507	280,414	5,494,350	8,795,267	....	6,798,403	13,248,095	46,549,420	57,881,015	10,782,548	401,204
Toronto	263,080	....	3,948,437	15,299,768	135,435	121,353	6,567,489	....	89,045	3,041,165	29,016,296	50,340,709	4,997,977	....
Provinciale	233,525	....	2,151,874	2,548,844	160,565	76,694	2,070,519	4,589	85,322	329,093	1,417,972	6,311,286	13,826,931	....
Commerce†	917,610	133,867	11,563,342	30,923,130	521,083	1,387,570	18,404,379	594,296	4,958,134	22,710,803	117,803,670	114,646,891	8,907,244	28,300,287
Royal‡	1,245,406	2,723,902	17,858,064	41,990,250	851,576	20,382,234	27,262,703	5,734	15,628,499	40,750,277	199,386,817	117,585,157	7,982,047	14,836,544
Dominion	278,112	379	2,888,706	14,213,804	251,905	224,975	4,157,396	....	2,020,994	3,146,584	22,753,147	23,888,494	2,527,810	....
Nationale§	454,571	356	6,228,728	4,124,245	260,450	138,483	4,622,691	891,627	2,705	1,608,945	5,390,810	25,547,870	18,027,559	243,042
Imperial	392,568	....	5,362,621	4,995,369	238,720	71,190	6,475,048	541,103	63,600	4,875,688	42,742,261	31,281,798	5,650,825	....
Barclays (Can.)	2,930	....	94,871	1,982,111	2,395	7,459	408,520	1,990,164	2,046,082	2,142,453	4,690,395	6,493,108	1,000	....
Total	5,370,591	4,214,398	77,432,815	194,413,616	3,750,924	28,968,504	107,661,267	4,127,513	34,254,573	140,814,393	699,592,582	609,719,931	93,282,320	60,729,917

NAME OF BANK	Other bonds and stocks $	Call and short loans in Canada $	Call and short loans elsewhere $	Current loans in Canada $	Current loans elsewhere $	Loans to provincial governments $	Loans to municipalities $	Non-Current loans $	Real estate other than Bank premises $	Mortgages on real estate $	Bank Premises $	Deposit for note circulation $	Other assets $	Total assets* $
Montreal*	27,286,340	3,032,256	16,884,811	196,903,944	14,924,311	1,200,618	39,449,242	1,363,443	509,025	487,698	13,900,000	1,075,362	1,864,163	935,786,448
Nova Scotia	19,753,768	2,848,224	280,820	93,280,490	14,519,499	1,120,645	4,419,232	440,699	....	85,288	6,196,008	442,479	2,684,355	324,348,35[illegible]
Toronto	3,833,240	1,018,062	....	41,982,481	....	....	5,532,355	116,683	....	15,434	3,325,773	201,943	....	171,361,95[illegible]
Provinciale	1,796,355	3,303,346	....	13,796,752	....	231,073	2,853,101	83,843	....	313,090	2,065,799	140,978	116,054	54,423,010
Commerce†	23,279,390	7,928,394	7,505,858	193,860,469	16,098,347	10,870,928	17,573,187	2,628,090	333,654	1,267,037	14,549,876	847,000	4,204,875	686,679,821
Royal‡	36,282,560	10,692,985	12,665,082	212,010,229	87,111,255	593,871	22,906,788	2,697,134	2,526,155	810,407	14,639,068	1,340,000	3,868,541	934,810,43[illegible]
Dominion	2,045,591	2,350,947	1,427,640	55,822,921	795,943	....	1,381,136	304,100	2,132,810	30,734	5,590,439	360,662	329,373	149,754,8[illegible]
Nationale§	5,394,372	4,037,145	....	51,502,134	5,965	....	11,836,268	219,004	61,381	583,400	3,343,315	266,480	292,817	149,334,7[illegible]
Imperial	58,388	2,997,945	....	63,253,769	....	5,000	7,324,942	323,148	1,640,425	326,867	5,876,899	236,393	102,015	185,973,677
Barclays (Can.)		270,325	....	2,184,805	....	547,249		7,774	137,633		450,000	20,556		23,237,434
Total	112,720,004	38,479,629	38,764,161	925,197,994	133,455,322	14,569,393	113,276,220	7,983,929	7,521,089	3,939,955	71,956,867	4,851,853	13,362,227	3,616,628,360

*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above return.—Footnote to Bank of Montreal return.

†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) at May 31, 1940, are included in the above general statement.—Footnote to Royal Bank return.

§The assets and liabilities of the Banque Canadienne Nationale (France) at May 31, 1940, same being considered a branch operating as a subsidiary of the Banque Canadienne Nationale, are included in above return.—Footnote to Banque Canadienne Nationale return.

*Total assets include letters of credit as shown in liabilities.

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International Pete

What changes have taken place in outlook for International Petroleum in recent months as a result of the war?

It earlier had been expected the war would have resulted in a considerable increase in demand for crude oil produced by International Petroleum from its South American interests. Loss of former markets in Europe has largely nullifed this hope, and it now appears there will be no substantial gains in crude oil marketing in 1940.

In 1939 the company earned $1.19 a share. Dividend payments are being maintained at an annual rate of $1.50 a share, following omission of the former customary extras.

Development results from the company's properties in South America have been very satisfactory over the past year. Both reserves and actual production of crude oil have been considerably enlarged, while the newly acquired interest in Venezuela promises to develop into a large-scale operation.

Gains from these developments are offset, however, by the closing of former markets already mentioned.

Canadian Securities

As an American investor, I am interested in what might happen to Canadian securities in view of the better prospects for a British victory. Why is it Dominion of Canada bonds do not shoot up in the light of this development? What would happen to the U. S. stock market if that country entered the war?

There has been pretty clear evidence of renewed interest on the part of United States investors in Canadian securities. In the stronger recent stock markets, Canadian stocks listed in New York have acted at least as well as any American stocks.

It seems a logical expectation that a more clear guarantee of eventual British victory in this war means greater optimism and consequently higher stock market levels on this continent. More than anything else, it has been the uncertainty as to the outcome of the war and where the next blow would fall that has kept the stock markets to the unusually low level in relationship to earnings and dividends that have prevailed for many months past.

Dominion of Canada bonds could not really go much higher in this country than they are at present. With yields of not more than about 3¼% on comparatively long-term bonds, the ceiling is approaching fairly close. We have noticed evidence that many investors in your country are looking with interested eyes toward the comparatively high yields which can be obtained on Dominion bonds if bought in that country. Of course, you will recognize that there are certain restrictions which would be placed upon an investment of this type. In New York Dominion bonds can still be bought to yield well over 5%, a return which seems unduly high, but is much lower than the 7% of a couple of months ago.

As to what would happen to the U. S. stock market if that country entered the war directly, there are some things to consider which might be a guide to you. For example, it has seemed to us from studying reports from the United States that the stock market in that country may already have discounted an eventual participation by your country in the war. You already have a taste of what this might mean in the way of taxation through the proposed excess profits taxes and generally high levels everywhere. You are already embarking on a tremendous scheme of national defense preparation. This would probably have about the same effect on your industry as would a direct participation in the war when it gets well under way.

Int. Metal Industries

What has happened to the plan of reorganization proposed for International Metal Industries? What were details of the plan?

Strong opposition of shareholders of International Metal Industries Ltd. resulted in preference shareholders failing to give the required majority vote in favor of the proposed reorganization plan of last February. The vote was close—20,135 being in favor of the plan, while 20,386 were required. All other classes of shareholders voted in favor of the plan.

The plan, in effect, would have given holders of preference and series A preference shares $5.80 a share in cash and one and one-fifth shares of class A common in satisfaction of arrears of dividends amounting to $28 a share.

Stock-selling by Phone

Every so often I receive a long-distance call from ——— Co., a Toronto brokerage firm. They telephone my house late in the evening. Isn't this practice contrary to Ontario Securities Commission regulations?

Stock-selling tactics of the type which you mention are not employed by reputable firms. It smacks of high pressure methods. For another thing, it is obvious that the profit expected from the sale of such stocks must be unusually high to justify widespread long-distance telephone calls. One would be quite justified in becoming suspicious of this type of selling.

The Ontario Securities Commission regulations do not permit the solicitation by telephone on behalf of any investment company of an individual who is not already a client of this house. Difficulty of enforcing these regulations is apparent. There have been numerous complaints of such action but little has been done so far to clear up the situation. The firm which you mention has not been alone in offending against this regulation.

Imperial Oil

I am holding a large block of Imperial Oil Co. stock and in view of the decline in price wonder if I would be justified in unloading it?

Imperial Oil Ltd. is the largest unit in the refining and distribution of crude oil in Canada. It has also an important interest in the production of crude, both in Canada and in South America.

In recent years, the larger portion of the company's earnings has come from its investments and subsidiary interests. Largest of these is International Petroleum Co., which operates in South America. It has been reduction of dividends paid by this subsidiary which has largely been responsible for the lower earnings shown by Imperial Oil itself recently.

It is expected International Petroleum will maintain dividends at the $1.50 a share, regular rate, now being paid for this year, although wartime developments might mean a change. For example, it had been expected earlier that the war would eventually mean a greater demand for the petroleum produced by this subsidiary, but gradual loss of markets in Europe as Germany conquered different countries, has offset this.

In Canada, sales of petroleum products have been rising this year, in line with the better rate of industrial activity generally. Last year, Imperial Oil earned 71.5 cents a share and paid $1 a share. For this year, it looks as though its dividend would total 75 cents a share, an amount approximately equal to last year's earnings.

The business of refining and distributing petroleum products has become one of intense competition and small profit margins. In spite of a steadily rising volume of sales, Imperial Oil has not been able to show any substantial improvement in earnings for a number of years.

It is probable the market action of oil companies in Canada in recent months has been made less satisfactory by some indefinite fears that steps would be eventually taken to restrict private consumption of gasoline. So far, nothing of this nature has occurred, the only action of the oil controller being to prohibit any further service stations.

This company's financial position is exceptionally strong and it appears able to maintain its position in the business.

Canadian Breweries

Can you give me a summary of Canadian Breweries Ltd.? Its current position and outlook?

Canadian Breweries Ltd. appears now to be getting the benefit of a considerable period of consolidation of operations and general strengthening of its position. This involved the closing down of a number of plants and modernization and enlargement of those which are to be used. This has brought more economical operations and eliminated a number of brands, permitting the company to concentrate on those remaining.

The result is pretty well shown in earnings so far this year Net profits for the three months ended April 30, last, amounted to $159,745 compared with $1,979 in the same period of 1939.

Also you will have noticed the company is now paying the full $3 a share annually in dividends on this preference stock. There are still arrears of $6.75 a share to be liquidated and it may be some time before this is completed out of earnings.

Sale of $500,000 5% serial debentures in April is claimed to have completed the company's financing programme. So far the war does not appear to have done this company any harm, although heavier taxation will have to be faced.

Canadian Oil

I understand a plan of reorganization was proposed for Canadian Oil Cos. last year and am wondering about the details of it, also as to what happened to the proposals.

In May, 1939, an offer was made by Nesbitt, Thomson & Co., which had previously purchased control of Canadian Oil Cos., providing for the formation of a company to purchase the assets of the existing company subject to liabilities. Each 8% preferred share was to be exchanged for one and one-tenth shares of new 5½% preferred, plus one share of new common. Preferred shareholders not desiring to accept the exchange offer were to receive $100 in cash and accrued dividends. New common stock was to be distributed on the basis of two new shares for each old common share held.

A strong group organized opposition to the deal and the offer of Nesbitt, Thomson & Co. was withdrawn. No further attempts have been made to disturb this non-callable preferred stock. Subsequently, in Jan., 1940, sale of $1¼ million of 4% sinking fund debentures was arranged to provide the company with needed new capital.

Champion Savings

Would you consider money invested in a Champion Savings Corp. certificate a reasonably safe investment? Will you outline the method of operations?

Champion Savings Corp. sells installment savings certificates on which the purchaser is required to make regular payments, to accumulate a definite sum at the end of a fixed period.

It requires from seven to eight years for accumulations to equal payments made by the purchaser. Default during this period inevitably means a loss. There is a provision in the certificates whereby payment can be postponed for a period not longer than two years. During the time of postponement no interest is allowed on previous deposits.

The company contracts to place all amounts necessary to provide for maturing certificates with the Prudential Trust Co., Montreal.

Champion Savings may be regarded in a sense as a sales organization. If it were to cease operations, principal and interest would accrue for the benefit of a certificate holder who could complete his payment directly to the trust company. Investments are restricted to those permitted to trustee funds and securities purchased by the trust company, subject to approval by Champion Savings Corp.

The company is required to keep a minimum of 110% of cash surrender value of its outstanding certificates on deposit at all times, but claims to have always maintained a considerably larger proportion than this.

The company is one of the smaller organizations selling certificates of this kind and has been in operation since 1932.

Can. Gen. Investments

What are the current quotations on the shares of Canadian General Investments? I understand the prices are abnormally low and am wondering why.

Current quotations on the shares of Canadian General Investments are around $7.25 a share bid, and $8 asked. This does not really indicate much of a decline in price. The stock is not actively traded although listed on the Toronto Stock Exchange. The major market is among unlisted dealers.

At June 30, last, the company had a net liquidating value equivalent to $10.59 a share. This was after the sharp market decline in June and is probably slightly lower than what it would be if calculated today.

For the six months ended June 30 this year, the company earned 36.7 cents a share, compared with 31.6 cents in the same period of 1939. Not in either of these facts is adequate reason found for disposing of the shares because of the relatively small decline in price.

You must remember shares of an investment trust such as this generally move in relationship to changes in market value of its portfolio. This in turn is governed by prices for all securities. Judged from results to date this year, the company should be able to cover the 50-cent a share annual dividend without difficulty which gives a good return on capital at current prices.

TRADE WITH GREAT BRITAIN

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(Incorporated by Royal Charter 1727)

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Associated Bank: Williams Deacon's Bank Ltd.

Banking Service

1817-1940

BANK of NEW SOUTH WALES

Head Office: Sydney, Australia

General Manager: SIR ALFRED DAVIDSON, K.B.E.

Assets of £130 millions. Over 900 branches in Australia, New Zealand & Pacific Islands.

London Offices at 29 Threadneedle St., E.C.2. and at 47 Berkeley Square, W.1.

Agency arrangements with Banks throughout Canada.

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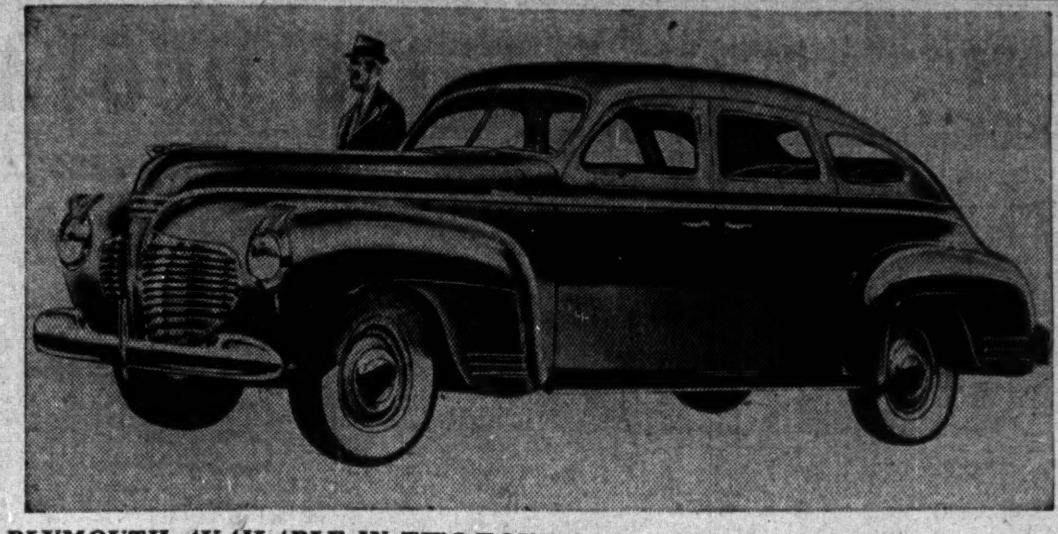
O'KEEFE'S BEVERAGES LIMITED



PLYMOUTH AVAILABLE IN TWO-TONE COLORS

First of 1941 low-price cars to introduce two-tone colors is Plymouth, the custom 4-door sedan of which is illustrated above. This makes available a car done with a light top and dark base.

Power rating has been raised from 84 to 88 horsepower, and there is a new transmission gear ratio to give faster getaway. A new type of bearing increases the life of the main and connecting rod bearings three to five times, company engineers declare.

A new floating type oil strainer eliminates stray particles of metal or dirt as well as the possibility of water getting into the system and freezing. The gear shifting fork has been changed to a trunnion type for easier operation.

Ault & Wiborg Sales Higher

Costs Up and Readjustments Needed in Sources of Raw Materials

Sales and profits of Ault & Wiborg Proprietary Ltd., supplier of the printing, painting and allied trades, have shown gains in the first eight months of the current year, as compared with 1939, The Financial Post is officially informed. The company's 1939 earnings of $3.94 per share on the common stock were the best since 1928 and the second highest since 1926.

Outlook for balance of the year is regarded as satisfactory, and, on the whole, the 12-month figures will likely be better than in 1939. Subsidiaries in South Africa and the Philippine Islands, as well as Canada, report improvement.

The company manufactures printing inks, paints and varnishes in its Canadian plants. These are located at Toronto, Montreal, Vancouver and Winnipeg. The South Africa and Philippine Islands subsidiaries act as selling agencies for these products. The Philippine company, A. C. Ransom Philippine Corp., also obtains some supplies from the United States.

Raw Materials Cost More

Substantial advances have been shown in prices of raw materials due to the war, and quotations to the trade of necessity also have been marked up. Readjustments in sources of supply have been made as a result of interruptions caused by the war. The company requires about 800 different raw materials, of which chemicals, gums and resins are the principal ones.

Formerly Germany was an important source of intermediate chemical powders, but these are now obtained from England and the United States. England was an important source prior to the war, and even with the increased demands since the outbreak, no noticeable difficulties have been encountered in obtaining shipments. Only one shipment has been lost to date.

Increasing Inventories

Due to war uncertainties, the company, in common with others in the same type of business—depending so much on overseas supplies for raw materials—has substantially increased inventories. The company is prepared, therefore, to carry on manufacture for a very considerable time in case of any sudden interruption in shipping from England.

The company does a large export trade to South Africa, New Zealand, Jamaica and the Philippine Islands. No difficulties have been encountered, it is understood, in keeping these channels open.

An important and entirely new product has been added this summer to the lines produced by the company. It is used indirectly in the printing trade, and is expected to add substantially to net income during the last half of the current year.

Higher corporation taxes are likely to be felt more by Ault & Wiborg than by companies with more stable earnings, The Financial Post estimates. The new taxation weighs more heavily on companies whose earnings show sharp fluctuation. Ault & Wiborg's net last year was somewhat above the average for the four years 1936-9, the base years in computing "excess" profits taxes, and indications are the figure will be higher in 1940.

Foreign Dollar Bonds 39.6% in Default

Foreign dollar bonds outstanding —including those issued or guaranteed by governments and their political subdivisions — totalled $5,554 millions on Dec. 31, last, according to the annual report of the Foreign Bondholders' Protective Council, Inc., New York. Total of 39.6% are in default.

Bonds of Latin American countries were about 77.2% in total or partial default, European defaults were about 58.2%, the Far East about 1.8% and Canada 4.9%.

Of the $1,610 millions Latin American dollar bonds outstanding, 77% are issues of national governments or bonds guaranteed by these governments, the report shows. Of these bonds, more than 75% are in default. Total of 17% are issues of States, departments or provinces, and 76% of these are in default. Balance of 6% are issues of municipalities, and all are in default.

Latin America

Out of the 16 Latin American countries having dollar bonds outstanding, only one—Argentina—always has paid full service on its national bonds. Adjustments have been made on the provincial and municipal issues within that country, with the exception of Cordoba.

Nine of the 19 European countries with dollar bonds outstanding paid full service on their bonds during 1939. These included Belgium, Denmark, Estonia, Finland, France, Ireland, Italy, Lithuania and Norway.

Three countries — Bulgaria, Greece and Hungary—paid partial service through the year. Three countries—Germany, Poland and Jugoslavia—made payments (partial in some instances) on a portion of their dollar bonds. Four countries—Czecho-Slovakia, Danzig, Roumania and Russia—made no payments for 1939 service.

Other Countries

Five other countries in the world have dollar bonds outstanding. Three of these—Australia, Japan and Liberia—made full service payments during 1939. Service on Chinese bonds has been suspended temporarily on account of exchange shortage caused by the Japanese occupation of large portions of Chinese territory. Canada is paying full service on its national obligations. There are defaults, however, on some issues of Canadian political subdivisions and guaranteed bonds.

The Council makes protest again in the report against the practice of many governments in buying up for repatriation their dollar bonds, while making either no service whatsoever or offering what amounts to a token payment.

Cable Company Hit by War

American Cable Opens Radiotelegraph Circuits to Offset Cable Losses

Net profit of American Cable & Radio Corp. for the first six months of 1940 totalled $586,923, compared with $643,247 in the last nine months of 1939. The company succeeded Postal Telegraph & Cable Corp., and took over the latter's business as of Jan. 31 last.

Both cable and radio-telegraph revenues for the first six months of 1940 were above the levels for the first six months of 1939, according to John L. Merrill, chairman. Trans-atlantic cable revenues, however, have declined and were below the comparable months of last year.

In this connection, adds Mr. Merrill, it should be noted that cable revenues for June do not reflect in full the adverse effects of interruptions in European cable traffic as a result of the war. Based on available information, the chairman adds, cable revenues since June have been at a considerably lower level.

Damage Unknown

The extent of damage to property in areas affected by the war cannot be determined at this time, he said. England and Eire are the only remaining European territory with which cable communications are now available over lines of the corporation's cable system. Radio-telegraph circuits connecting with Rome; Lima, Peru; Tokyo; Greenland and Eire recently have been established.

A subsidiary, All America Corp., retired $500,000 principal amount of its income debentures, series A, as of Feb. 29, last. This leaves $2.8 millions outstanding.

Consolidated Income Account

	6 mos. ended June 30 1940	9 mos. ended Dec. 31 1939
	$	$
Total oper. revenues..	6,746,784	9,470,204
Less: Oper. expenses .	5,865,079	8,253,930
Loss on for. exch...	84,512	212,836
Net oper. income	797,193	1,003,439
Add: Non-oper. inc...	71,766	99,696
Net income	868,959	1,103,135
Less: Exps. of subs..	15,705	27,605
	853,254	1,075,530
Less: Deb. interest ..	228,647	372,432
Serial notes int.	37,684	59,852
Net profit	586,923	643,247

Build Speed Boats For R. A. F.

Trenton Plant Gets $600,000 Order For Six Craft

A contract for construction of six rescue boats for the Royal Air Force at a cost of $600,000 has been placed with Aero-Marine Crafts Ltd., Toronto. The information is announced by Hon. C. D. Howe, Minister of Munitions and Supply.

The rescue launches are between 60 and 70 ft. in length. With three engines, they will be capable of a speed of about 35 knots. The craft are to be used for rescue work on the English coasts.

Aero-Marine Crafts has a plant at Trenton, Ont., where the contract, it is understood, will be filled. Boats sold for civilian needs are sold under the trade name "Ditchburn."

CANADIAN SECURITIES

Dominion and Provincial Government Bonds

Municipal Bonds

Public Utility and Industrial Financing

DOMINION SECURITIES CORPORATION LIMITED

TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.

15 King Street West, Toronto

THE **ONTARIO LOAN AND DEBENTURE CO**

LONDON, CANADA

Established 1870

DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED

Deposits and Debentures (31 Dec., 1939), $11,793,464

Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

IT'S A FACT

That many successful business men overlook the appointing of a permanent and efficient executor of their estate, causing financial worries to their dependents.

Make your family secure from such worries by interviewing one of our trust officers. There is no obligation.

MONTREAL TRUST COMPANY

Montreal Trust Building

61 Yonge Street Toronto

J. F. HOBKIRK, Manager

SHARES OPTIONED

White Valley Chemicals Ltd. has granted an option on 33,000 shares at 94 cents a share, payable within 90 days, to Century Securities Co. under an agreement dated Aug. 17, according to the Ontario Securities Commission. The company was incorporated in 1936 with an authorized capital of 500,000 shares of which 467,633 shares are issued.

NORTH AMERICAN LIFE

ESTABLISHED 1881 · A MUTUAL COMPANY

Head Office: TORONTO, CANADA

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ALL PROFITS FOR POLICYHOLDERS

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BECAUSE IT ATTRACTS *Guests*

The experienced hotelman knows the importance of floors in restaurants, beverage rooms, lobbies and other public rooms. So he chooses Dominion Battleship Linoleum for its innate beauty, quiet, ease of cleaning and foot comfort. It stands up under the heaviest day-in and day-out punishment. Simple waxing keeps Dominion Battleship Linoleum like new: it never needs costly refinishing. Comes in a wide range of colours and effects offering endless decorative scope and backed by our 5-Year Guarantee when laid according to our specifications. Ideal, too, for offices and stores. Write us for samples and literature.

DOMINION OILCLOTH & LINOLEUM COMPANY LIMITED MONTREAL

HOW MUCH OF YOUR OVERHEAD IS ... UNDERFOOT?

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING SEPTEMBER 2

Mining Stocks

Oil Stocks

Vancouver Stocks

* 1939 Quotations.

Oil Quotations

Winnipeg Stocks

(Transactions from Aug. 26 to Aug. 31)

	Sales	High for period	Low for period	Close Aug. 31
Central Manitoba	1,200	.03	.02½	.03
Magnet Consolidated	500	.75	.75	.75
Sovereign Life	30	12.00	12.00	12.00
United Grain	2	7.00	7.00	7.00
Wings	100	.15	.15	.15

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	..	4
Do., pref.	..	102
Can. Airways	1	..
Can. Indemnity	120	..
Cres. Cream., p.	..	8
Dom. Envelope, c	..	7½
Do., pref.	87	..
Federal Grain, p.	27	..
Do., com.	..	1⅛
Home Invest.	13	..
Monarch Life	33	..
Nor. C. Mtge., p.	5	..
Nor. Mtge. pt. pd.	..	3
Nor. Trusts	..	6
Traders Bldg.	40	..
West. Brew.	1⅛	..
West. Grain, p.	5	7½
West. Steel	7	9½

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Sept. 3	10,200	8,900	284,000	......
Sept. 2	Holiday			
Aug. 31	4,300	3,200	Holiday	16,964
Aug. 30	13,200	16,100	339,000	37,880
Aug. 29	4,900	6,500	104,000	23,809
Aug. 28	7,100	8,700	140,000	[illegible]

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Unlisted Mines

Toronto, Sept. 3, 1940

Montreal, September 3, 1940

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Cad Exp	.02	.04	Cournor	.07	.10	Obalski	..	.03	Scott Ch	.01	.03
Chibmac	..	.02	Dubisson	.07	.10	Pan Can	.02½	.04	Westwd C	.01	.01½
C Pand'ra	..	.02	L Rowan	.02	.03						

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Sept. 3, 1940

Public Utility Issues:	Int. Rate %	Due	Bid Sept. 3	Asked Sept. 3	Bid Aug. 27
†Assoc. Tel. & T.	5½	'55	73½	76½	72
B. C. Power	4½	'60	97	100	97
B. C. Tel.	4½	'61	102½	105½	102½
†Calgary Pwr.	5	'60	103½	106½	103½
Do.	5	'64	101½	104½	101½
†Can. Nor. Pwr.	5	'53	104	107	105
*Dom. Gas & El.	6½	'45	96½	..	96
Gatineau Pwr.	5	'49	102	105	101½
Do., B.	3½	'69	95½	98½	95½
Gt. Lakes Pwr.	4½	'56	96½	99½	96
*Int. Hydro-E.	6	'44	68	71	69
▲Inter. Power	6	'55	100	..	100
Macl'n-Que. Pr.	4	'59	94	97	93
Mtl. L. H. & P.	3½	'56	97½	100½	97½
Do.	3½	'73	94	97	93½
†Mtl. Tramways	5	'41	89	92	88½
†Do.	5	'55	60½	63½	59
Nat. Lt. & Pwr.	6	'49	95½	..	95
N. S. Lt. Pr.	4	'57	98½	101½	98½
Ottawa H. & P.	4	'57	98	..	98
Ottawa V. Pwr.	5	'59	102	105	101½
†Power Corp.	4½	'59	98	101	97½
Quebec Pwr.	4	'62	98½	101½	99
*Saguenay P., A.	4½	'66	103	..	103
▲Do., B.	4½	'66	101½	..	101½
Shaw. W. & P.	4	'61	100	103	99
Union Gas	4½	'50	100	..	100
United Secs.	5½	'52	57	60	56
Wpg. El., ser. A	4	'65	71	74	69½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	61½	64½	61
Acadia Sugar	4½	'55	98	..	98
†Alta. Pa. Grain	6	'46	95	..	94½
Atlantic Sugar	4	'51	98	..	98
†B. C. P. & Pap.	6	'50	79½	..	79½
*Brown Co.	5½	'46	45	48	44½
Burns & Co.	5	'58	62	65	61½
Canada Bread	6	'41	100	..	98½
Canada Cement	4½	'51	102	105	101½
Can. Paper	4½	'52	98	..	98
Can. Steamship	5	'57	94	97	93½
Can. Canners	4	'51	100	..	99½
*Can. Int. Paper	6	'49	100	103	99
C. P. R.	3½	'51	86	89	85½
Do.	4	'49	90	93	89
Do.	4½	'44	94	97	94
Do.	5	'42	102	105	102
†Consol. Paper	5½	'61	63	66	62½
Dom. Coal	4½	'52	99	..	99
Dom. Stl. & Co.	6½	'55	103	..	102
Dom. Tar	4½	'51	98½	..	98½
†Donnacona P.	4½	'56	79½	82½	78
Famous Players	4½	'51	98½	..	98½
†Federal Grain	6	'49	95½	..	95
†Fraser Cos.	6	'50	95	..	94
Gen. Stl. Wares	4½	'52	96½	..	96½
*Great L. Paper	5	'55	89	92	88
†Gypsum, Lime	5½	'48	88½	..	88½
Ham. By-Pr. C.	5	'55	99	..	99
Inter.-City Bak.	5½	'48	100	..	100
*Inter. P., Nfld.	4½	'68	89	..	89
Lake St. J. P.	5½	'61	88½	..	87
†Maple Leaf M.	3	'58	66	70	66
Massey-Harris	4½	'54	87	90	86
McColl-Fron.	4½	'49	100½	..	99½
McCormick's	4	'52	92½	..	92
*M. & O. Paper	6	'45	45	48	44½
Nat. Grocers	4	'47	100	..	100
N. S. Stl. & Co.	3½	'63	80½	..	79½
Price Bros.	5	'57	93½	96½	94
*Prov. Paper	5½	'47	102	..	102
Reliance Grain	4½	'52	93½	..	93½
†Restigouche Co.	6	'48	94	..	94
Rolland Paper	4½	'51	101½	..	101
Simpson's Ltd.	4½	'51	99½	..	99
Smith, Howard	4½	'51	101½	..	101
*United Gas	5½	'48	101	..	102
United Gr. Grs.	5	'48	94	..	93
†Western Grain	6	'49	43	..	40

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
▲Payable in Canada only.

Municipal Bonds

Sept. 3, 1940

†Halifax	5	1961	102.50	107.50	4.45
Hamilton	5	1950	110.65	112.65	3.45
Montreal	5	1945	90.50	94.50	6.43
Ottawa	4½	1945	104.00	106.00	3.15
†Quebec	5	1959	103.00	107.00	4.45
Saint John	5	1950	100.50	104.50	4.46
†Toronto	4½	1955	107.50	110.00	3.61
†Vancouver	5	1950	94.00	98.00	5.27
Winnipeg	5	1944	97.00	101.00	4.09

[illegible]Payable Can. and N.Y.

Mining Dividends

	Rate	Close Sept. 2	Yield %
Beattie Gold	‡12c	.95	..
Bralorne	80c+40c	9.75	*12.3
Broulan Porc.	3c	.84½	..
Buffalo Ankerite	‡31c	3.50	..
Bulolo Gold	$3	14.00	21.4
Can. Malartic	‡6c	.41	..
Cariboo Gold	16c+6c	2.00	*11
Central Patricia	16c+7c	1.83	*12.5
Coniagas	‡25c	1.30	..
Coniaurum	16c	1.35	11.8
Cons. Smelters	$1+$1	38.00	*5.3
Delnite	†3c	.65	..
Dome Mines	$2	22.00	9.5
East Malartic	‡20c	3.15	..
God's Lake	2½c	.36	..
Gold Belt	†2c	.20	..
Gunnar Gold	‡3c	.38	..
Hallnor	60c	5.25	11.4
Hard Rock	‡9c	.83	..
Hedley Mascot	‡6c	.45	..
Hollinger	65c+45c	11.50	*9.5
Howey Gold	‡2c	.22½	..
Hudson Bay	$1.75	25.00	7.
Inter. Nickel, com.	$2	37.00	5.4
Island Mountain	‡8c	.75	..
Kerr Addison	5c	2.55	..
Kerr Lake	‡5c	.30	..
Kirkland Lake	10c+2c	.96	*12.5
Kootenay Belle	‡10c	.25	..
Lamaque Gold	40c+10c	5.15	*9.7
Lake Shore	$2	21.50	9.3
Leitch	8c	.54	14.8
Little Long Lac	30c	2.25	13.3
Macassa	32c	3.55	9.
Madsen R. Lake	†3c	.40	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+2c	1.02	*13.7
McWatters	10c	.30	..
Moneta	12c	.49	..
McIntyre Porc.	$2+$1	43.00	*.7
MacLeod-Cockshutt	†10c	2.00	..
Nipissing	15c	.95	..
Noranda	$4	55.00	7.3
North Empire	‡40c	7.25	..
O'Brien Gold	‡10c	.80	..
Pamour Porc.	12c	1.06	11.3
Pato Cons.	20c	2.25	..
Paymaster	2c	.26½	..
Perron Gold	16c+4c	1.70	*11.7
Pioneer, B.C.	40c	2.20	18.1
Pickle Crow	40c	2.80	14.3
Placer Develop.	$1.20	9.00	13.3
Premier	12c	.80	15
Preston E. Dome	20c	1.85	..
Privateer Mine	‡13c	.40	..
Powell Rouyn	20c	.80	..
Quebec Gold	‡2c	.20	..
Relief Arlington	†5c	.08	..
San Antonio	14c+3c	2.05	*8.2
Sheep Creek	16c+2c	1.00	*18
Sherritt Gordon	†5c	.70	..
Silbak Premier	16c	.60	26.6
Siscoe	12c+1c	.60	*21.6
Sturgeon River	†2c	.11	..
Sudbury Basin	‡2½c	1.12	..
Sullivan Cons.	‡6c	.62	..
Surf Inlet	†1½c	.09	..
Sylvanite Gold	20c+5c	2.35	..
Teck-Hughes	40c+5c	3.25	*13.8
Toburn	8c+8c	1.25	*12.8
Upper Canada	†3c	.80	..
Ventures	15c	2.50	..
Waite Amulet	†10c	3.30	..
Wright-Harg.	40c+30c	6.10	*11.5

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.

Bond Sales

County of Carleton, Ont.

The Bank of Toronto has purchased $40,250 County of Carlton, Ont., 3½% 10-installment debentures, at a cost to the county of 3.10%. Proceeds of the issue are to be used for highway improvements.

List of tenders follows:

Bank of Toronto	102.08
Fairclough & Co.	101.272
F. L. Craig	100.75
J. L. Graham & Co.	100.337
Dyment, Anderson & Co.	100.33
Harris, Ramsay & Co.	100.277
Dominion Securities Corp.	99.17

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, pf.	$1.75	Oct. 1	Sept. 16
Alta. W. Pres., p.	$1.75	Oct. 1	Sept. 25
Asbestos Corp.	15c	Sept. 30	Sept. 14
Do., bonus	15c	Sept. 30	Sept. 14
Assoc. Brew.	25c	Sept. 30	Sept. 14
Do., pref.	$1.75	Oct. 1	Sept. 14
Bell Telephone	$2	Oct. 15	Sept. 23
Belding Cort.	$1	Oct. 1	Sept. 14
Do., pref.	$1.75	Oct. 1	Sept. 14
Burlington Steel	15c	Oct. 1	Sept. 16
B. C. Power, A	50c	Oct. 15	Sept. 30
Brazilian Tr. pf.	$1.50	Oct. 1	Sept. 14
Beattie Gold	▪4c	Sept. 20	Sept. 9
Broulan Porc.	3c	Sept. 30	Sept. 16
Bk. of Nova Scotia	$3	Oct. 1	Sept. 14
T. G. Bright	$1.50	Sept. 14	Aug. 31
Do., com.	7½c	Sept. 14	Aug. 31
Canada Cement, p.	$1.25	Sept. 20	Aug. 31
Can. Foundries, A	37½c	Oct. 2	Sept. 15
Coniaurum Mines	▪4c	Sept. 25	Sept. 14
Can. Tube & Steel	$1	Sept. 16	Sept. 9
Canadian Oil, pf.	$2	Oct. 1	Sept. 20
Can. Pac. Rly., p.▪	2%	Oct. 1	Sept. 2
Can. Nor. Power	▪23c	Oct. 25	Sept. 30
Do., pref.	▪$1.75	Oct. 15	Sept. 30
Can. Canners	12½c	Oct. 1	Sept. 14
Do., pref.	25c	Oct. 1	Sept. 14
Do., partic.	5c	Oct. 1	Sept. 14
Do., 2nd pref.	15c	Oct. 1	Sept. 14
Do., partic.	5c	Oct. 1	Sept. 14
Can. Cottons	$1	Oct. 1	Sept. 13
Do., pref.	$1.50	Oct. 1	Sept. 13
Central Patricia	4c	Sept. 28	Sept. 14
Do., extra	1c	Sept. 28	Sept. 14
Calgary & Edm.	▪10c	Sept. 30	Aug. 31
Cariboo Gold	4c	Oct. 1	Sept. 4
Do., extra	2c	Oct. 1	Sept. 4
Can. Malting	50c	Sept. 14	Aug. 31
Can. Celanese c.	25c	Sept. 30	Sept. 16
Do., extra	50c	Sept. 30	Sept. 16
Do., pref.	$1.75	Sept. 30	Sept. 16
Can. Gen. Elec.	$2	Oct. 1	Sept. 14
Can. Perm. Mtge.	$2	Oct. 1	Sept. 14
Can. For. Invest.	70c	Nov. 1	Oct. 15
Do., pref.	$2	Oct. 1	Sept. 15
Can. Wire Box A	37½c	Oct. 1	Sept. 16
Candn. Ind., A, B.	$1.75	Oct. 31	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	25c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Chartered Trust	$1	Oct. 1	Sept. 16
Comm. Alcohols, p.	10c	Oct. 15	Sept. 30
Can. Malartic	▪2c	Sept. 26	Sept. 5
Confed. Life	$1.50	Sept. 30	Sept. 25
Can. West'house	37½c	Oct. 1	Sept. 14
Cap. W. Cloth, pf.	38c	Sept. 1	Aug. 12
Canada Packers	75c	Oct. 1	Sept. 16
Can. Breweries, p.	75c	Oct. 1	Sept. 16
Dominion Coal, p.	37c	Oct. 1	Sept. 14
David & Frere A.	25c	Sept. 30	Sept. 16
Dominion Tar pfd.	$1.37½	Nov. 1	Oct. 14
Distillers Seag., c.	55½c	Sept. 16	Sept. 3
Dom. Textile	$1.25	Oct. 1	Sept. 14
Do., pref.	$1.75	Oct. 15	Sept. 30
Dom. Fdry. & Stl. c.	25c	Oct. 1	Sept. 20
Dome Mines	50c	Oct. 21	Sept. 30
East. Bakeries, pf.	81¼c	July 15	June 30
Eng. Electric, A	62½c	Sept. 15	Sept. 5
Economic Invest.	▪62½c	Oct. 1	Sept. 21
Famous Players	25c	Sept. 27	Sept. 17
Ford Motor, A, B	25c	Sept. 28	Sept. 7
Foundation Co.	25c	Oct. 18	Sept. 30
Gatineau Pwr.	20c	Sept. 30	Aug. 31
Do., 5½% pref.	$1.37	Oct. 1	Aug. 31
Do., 5% pref.	$1.25	Oct. 1	Aug. 31
Gt. L. Pap. p, A B	▪25c	Oct. 1	Sept. 10
Greening Wire	15c	Oct. 1	Sept. 16
Hollinger Cons.	5c	Sept. 9	Aug. 26
Hamilton Un. Th.	$1.25	Sept. 30	Aug. 31
Imperial Tob.	10c	Sept. 30	Sept. 6
Do., pref.	3%	Sept. 30	Sept. 6
Inter. Mniing	†10c	Sept. 20	Aug. 31
Inter. Nickel	†50c	Sept. 30	Aug. 31
Kelvinator	50c	Sept. 20	Sept. 5
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Louisiana Land	†10c	Sept. 14	Sept. 3
Lake Shore M.	▪50c	Sept. 14	Aug. 31
Lang, J. A.	17½c	Oct. 1	Sept. 15
Lamaque Gold	10c	Oct. 1	Sept. 10
Landed Bank	$1	Oct. 1	Sept. 14
Macassa Mines	8c	Sept. 16	Aug. 31
Mitchell, J. S. pf.	$1.75	Oct. 1	Sept. 16
Montreal Loan	31¼c	Sept. 16	Aug. 31
McKenzie R. Lake	3c	Sept. 16	Sept. 2
Montreal Cottons	$1	Sept. 15	Aug. 31
Do., pref.	$1.75	Sept. 15	Aug. 31
Mtl. C. & D. Sav.	$3	Oct. 1	Sept. 14
Nat. Breweries	50c	Oct. 1	Sept. 16
Do., pref.	44c	Oct. 1	Sept. 16
Nor. Am. Elev., p.	$1.75	Sept. 1	Aug. 29
Nor. Ont. Pwr.	▪30c	Oct. 25	Sept. 30
Do., pref.	▪$1.50	Oct. 25	Sept. 30
National Grocers p.	37½c	Oct. 1	Sept. 14
Nat. Steel Car	50c	Oct. 15	Sept. 30
Nat. Biscuit	†40c	Oct. 15	Sept. 10
Noranda Mines	$1	Sept. 16	Aug. 17
N. S. Light Pr. ord.	$1.50	Oct. 1	Sept. 16
Ottawa Light	25c	Oct. 1	Aug. 26
Do., pref.	$1.25	Oct. 1	Aug. 26
O'Brien Gold	5c	Sept. 28	Sept. 12
Pacific Coyle	3c	Sept. 15	Sept. 10
Petrol Oil	▪2c	Oct. 1	Sept. 14
Perron Gold	4c+1c	Sept. 21	Aug. 31
Paton Mfg.	50c	Sept. 15	Aug. 31
Do., pref.	$1.75	Sept. 15	Aug. 31
Pioneer Gold	10c	Oct. 1	Aug. 31
Pickle Crow G.	10c	Sept. 30	Sept. 16
Preston E. Dome	5c	Oct. 15	Sept. 30
Power Corp., p.	$1.50	Oct. 15	Sept. 30
Do., 2nd pref.	75c	Oct. 15	Sept. 30
Reliance Gr., p.	$1.62½	Sept. 16	Aug. 31
Relief Arlington	‡5c	Sept. 23	Sept. 10
Riverside Silk	50c	Oct. 1	Aug. 13
Remington Rand	20c	Oct. 1	Sept. 10
Do., pref.	$1.12½	Oct. 1	Sept. 10
Siscoe Gold	3c	Sept. 16	Aug. 16
Surf Inlet	1½c	Sept. 16	Aug. 16
Sunset Oils	1c	Sept. 16	Sept. 5
Sylvanite Gold	†5c	Sept. 30	Aug. 17
Silverwoods, pf.	20c	Oct. 1	Aug. 31
Simon & Sons	15c	Sept. 28	Sept. 14
Do., pref.	$1.75	Sept. 28	Sept. 14
Smith H. Pap. pf.	$1.50	Oct. 15	Sept. 30
Stedman Bros. pfd.	75c	Oct. 1	Sept. 20
Do., com.	15c	Oct. 1	Sept. 20
Stand. Steel, p.	75c	Oct. 1	Sept. 16
Saguenay Pr., pf.	$1.37½	Nov. 1	Oct. 15
Stand. Fuel, p.	$1	Oct. 1	Sept. 16
South. Can. Pr., p.	$1.50	Oct. 15	Sept. 20
Teck-Hughes	▪10c	Oct. 1	Sept. 10
Do., bonus	▪5c	Oct. 1	Sept. 10
Tor. Elevators, pf.	65½c	Sept. 7	Aug. 22
Union Gas	20c	Sept. 14	Aug. 14
United Fuel, A., p.	75c	Oct. 1	Sept. 20
Walker-Good.	$1	Sept. 15	Aug. 23
Do., pref.	25c	Sept. 15	Aug. 23
Weston, Geo., c.	20c	Oct. 1	Sept. 12
Wr. Hargreaves	†10c	Oct. 1	Aug. 22
Do., bonus	†5c	Oct. 1	Aug. 22
Wilsil	25c	Oct. 1	Sept. 14

†Payable in U. S. funds ‡Initial.
▪Subject to approval by Foreign Exchange Control Board.

Market Analyst Offers Six Ideas To Guide Wartime Investor

The author of the following article is partner in the Toronto investment firm of Batten, Ross and Company.

By WILLIAM D. ROSS

One year has passed since the historic day that Great Britain, abandoning a policy of appeasement that had failed, declared war on the German Reich.

Ending three years of uncertainty and recurring crises, three years in which Germany and Italy broke treaties right and left and trampled on the rights and liberties of free peoples, the declaration of war was followed by a strong, upward movement in the security markets of this continent.

The respite, however, was brief. As the year progressed, the financial markets were called upon to face shock after shock: The subjugation of Denmark and Norway; the invasion of the Low Countries; the tragic surrender of Britain's greatest ally; and finally, the beginning of total war in the air between Britain and the Axis powers.

Semi-paralysis

It was little wonder that some nerves should crack under the strain of these repeated blows and that the reasoning faculties of some investors should be semi-paralyzed. What is more surprising is that the effect was limited to so few.

After the first rapid decline in May, the market levelled off as investors began to adjust themselves to a new set of conditions. Most of the panicky selling was traceable to the pressure of weak, marginal holdings of securities being thrown on the market. The volume of these holdings diminished rapidly in the decline as indicated by the sharp drop in brokers loans, and as the securities passed over into stronger hands—cash buyers—the market gradually developed an immunity to further shocks.

As we enter the second year of the war, the investor is faced with the necessity of adapting himself to an environment totally different from that of a year ago. The direct effects of the war, as well as the changed economic conditions in Canada arising out of the war, react on different securities to a different degree. It is manifestly impossible for the investor to fit these conditions to his investments; but he can fit his investments to the conditions.

Must Be Flexible

Quite obviously, any investment programme must be flexible. The apparent shoals and reefs can be charted from a knowledge of present facts, and the course set in accordance with these facts, but frequent soundings will be necessary throughout the year. It is not enough to set sail and trust in Providence to do the rest.

Regarding the war itself, there is reason for growing optimism. The great resources of the British Empire and the United States are gradually tilting the scales in favor of the Allies, counteracting the numerical superiority with which Germany started the war. This is primarily a war of machines, of the combustion engine, and the possession by Great Britain and her Allies of superior facilities for the production of machines can more than offset the initial unpreparedness and overwhelm the limited resources of Germany and Italy. The voyage may be stormy but no one can doubt the final victory. This belief in ultimate victory is that the owners of the higher grade the stock market, then certainly by the high-grade bond market. The independent strength of Government and corporation bonds has been one of the outstanding paradoxes in the financial markets during the May decline.

If the worst fears of the stock market were realized, it hardly seems reasonable that corporation bonds would not be affected. The sensible conclusion, in fact the only conclusion, to be drawn from this paradox is that the owners of the higer grade securities were not so easily panicked by the events in Europe as were the owners of the more speculative stocks, or in other words, the selling in the stock market was almost entirely psychological and not particularly intelligent. This is further proof that the selling was largely from weak, marginal accounts.

The Canadian Scene

Aside from the direct effect of the war on market psychology, the investor must also take into account the economic conditions in Canada arising from the exigencies of war which affect the profit outlook of particular securities in varying degrees. These may be conveniently discussed in order as they affect costs, prices and volume—the three determinants of profit—and a general investment policy outlined.

The most important cost item that industry has to absorb at present is higher taxation. The cost of modern warfare is tremendous and a large proportion of Canada's share is being raised by means of taxation.

In the war of 1914-18 the Canadian Government was faced with charges of allowing profiteering at the expense of the taxpayers. The intention of the present excess profits tax is to prevent anyone from realizing huge profits out of the war and—killing two birds with one stone—to supply the Government with needed revenue.

It is difficult, if not impossible, to develop a general tax that will have an equal effect on all companies. The excess profits tax, like any general tax and does discriminate, unintentionally, between various companies due to differences in the past earning record or in the capital structure of the companies.

Six Rules for Investor

In its present form the tax takes 75% of all profits in excess of the average profit realized in the four years 1936-1939, with a provision that all companies must pay at least 30% of the profits whether in excess of this figure or not. For those companies with a poor past record of earnings the standard profit will be not less than 5% and not more than 10% of the invested capital. The incidence of this tax provides us with two rules in the investment programme.

1. The average earnings of the company in the four years 1936-1939 should be favorable in relation to the present price of the security and to the present dividend rate.

2. In the case of a speculative stock, with poor earnings, the invested capital should bear a high ratio to the market value of the security.

The presence of other factors such as a tremendous boost in production or prices may appear to render these rules unimportant. But these are exceptional cases and cannot be treated in a general study. Moreover, even in such cases the above rules will prevent too great weight being given to purely temporary conditions.

Perhaps not so inevitable as taxes, but still a fairly definite probability, is higher prices and costs. On the other hand, there is a gradual increase in the total of consumers income resulting from war expenditures financed through borrowing; on the other hand, there is a relative decline, or a slower increase, in the total output of consumable goods. The net result is a steadily increasing upward pressure on prices and on the cost of living.

Some Inflation Likely

Were it possible to pay the entire cost of the war by means of taxation, inflation could be prevented but the practical impossibility of such a policy indicates the probability of some inflation.

Inflation, like taxation, is discriminatory in that it does not affect all companies equally. In general, it means a rising price level relative to costs, creating a wider profit margin. In the case of some companies, however, the particular price of their product or products may not be flexible, so that the rising costs result in a narrower profit margin. These companies have recourse only to a greater volume of production in order to maintain total profits and if that avenue is also closed due to unfavorable demand conditions, their plight is indeed unfortunate.

The probability of inflation, then, introduces two further rules in the investment programme:

3. The price structure of the company or industry should be flexible enough to permit a rise at least proportionate to a general rise in costs.

4. The company should be in a favorable demand position and be able to expand production so as to maintain or increase total profits.

Incidentally, it will be noted that the conditions outlined in these two rules are also essential to offset the effect of higher taxes as well as inflation so that their importance cannot be overemphasized.

Many Incomes Cut

One further point deserves mention here. While total income of consumers will be increased, many individual incomes, particularly in the higher brackets, will be reduced by the income tax which is, in effect, a method of redistributing total income on a broader base.

This suggests a general group of industries that will probably experience a decrease in demand, or at best a stationary demand—the companies producing luxury or nonessential goods.

Some industries are also subject to special taxation, notably the liquor, gasoline and tobacco companies. Others are faced with adverse price and demand conditions due to external developments such as the loss of export markets in Europe, or the failure of American tourist trade to develop on the scale expected.

These are only a few of the more obvious special situations. There are others too numerous to be given the treatment they deserve in the present article.

Returning to taxes and inflation, either or both of these also have a direct effect on securities which is becoming increasingly important, namely the effect on income. One causes a decline in money income from securities, the other a decline in real income.

Need Higher Yield

If a company is in a favorable position as outlined in the previous rules, this lower income can be offset by higher earnings and dividends. This is not the case with fixed income securities, however, and the investor in this type of security is faced with the prospect of a lower money income and a lower real income. This leads to a fifth rule:

5. A fair proportion of total investments should be in other than fixed income securities.

It should be noted that this rule does not apply to bonds of the Dominion of Canada. At the present time these bonds are far more than a mere investment—they are an investment to protect all investment and cannot, therefore, be measured by ordinary standards.

In recognition of the fallibility of human judgment one further rule should be added to guard against the possibility of error in other directions:

6. The present rate of earnings of the company should provide a comfortable margin above the present dividend rate.

Just what constitutes a "comfortable" margin must depend on particular circumstances. A margin of 50% might be sufficient in one case and inadequate in another. Obviously, the greater the margin, the greater the possibility of increased dividends.

Undervaluing

Furthermore, in the case of a company earning, say, $2 a share and paying $1 in dividends, the market will tend to undervalue the stock in relation to other securities, placing more emphasis on the dividend return than on the earnings. This gives the security a more conservative valuation and helps to guard against investment at a relatively inflated price.

The complete investment programme may seem to be a counsel of perfection, as it undoubtedly is, but it should be borne in mind that the rules given are general rules only. They are the framework into which individual securities can be fitted; the fundamental conditions under which particular cases can be subsequently to determine their validity under the general rules.

Possibly no single security will be found that exactly fulfills the requirements of every rule, but the nearer the approach thereto, the greater the weight of probabilities in favor of the investment portfolio.

DIVIDEND NOTICES

Canada Permanent Mortgage Corporation

Notice is hereby given that a Dividend of TWO PER CENT. on the paid-up Capital Stock of the Corporation has been declared for the current quarter, and that the same will be payable

Tuesday, the First Day of October

next, to Shareholders of record at the close of business on the Fourteenth day of September, 1940.

By order of the Board.
WALTER F. WATKINS,
Secretary.
Toronto, August 23rd, 1940.

DIVIDEND NOTICE

Canadian General Electric Company, Limited

Notice is hereby given that a dividend of two dollars per share for the quarter ending September 30, 1940, has been declared on the Common Stock of the Company.

That the above dividend is payable on October 1, 1940, to shareholders of record at the close of business on September 14, 1940.

By Order of the Board.
W. H. NESBITT,
Secretary.
Toronto, August 26, 1940.

Canadian Westinghouse Company, Limited

DIVIDEND NOTICE

Notice is hereby given that at a regular meeting of the Board of Directors of this Company, held August 28th, 1940, a dividend of thirty-seven and one-half cents (37½c) per share was declared upon the outstanding Capital Stock of the Company, payable October 1st, 1940, to Shareholders of record September 14th, 1940.

Cheques will be mailed to Shareholders.

By order of the Board,
W. E. SPRAGUE,
Secretary.
Hamilton, Canada, Aug. 29th, 1940.

THE FOUNDATION COMPANY OF CANADA LIMITED

DIVIDEND NOTICE

Notice is hereby given that a dividend of twenty five (25c) cents per share on the No Par Value Common Stock of the Company has been declared for the Quarter ending September 30, 1940, payable October 18, 1940, to Shareholders of record at the close of business on September 30, 1940.

By Order of the Board.
C. E. GREARSON,
Secretary.
Montreal, August 29, 1940.

DIVIDEND NOTICES

Canadian Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of seventy-five cents (75c) per share on the Cumulative Sinking Fund convertible Preference Shares of the Company has been declared, payable on the 1st day of October, 1940, to Shareholders of record at the close of business on the 16th day of September, 1940.

By Order of the Board,
W. C. BUTLER,
Secretary.
Toronto, Ontario.
Aug. 28, 1940.

The Bell Telephone Company of Canada

Notice of Dividend

A dividend of Two Dollars per share has been declared payable on the 15th day of October, 1940, to shareholders of record at the close of business on the 23rd of September, 1940.

F. G. WEBBER,
Secretary.
Montreal, August 28, 1940.

DIVIDEND NOTICE

English Electric Company of Canada, Limited

CLASS "A" SHARES

Notice is hereby given that the Board of Directors have declared a dividend of sixty-two and one-half cents (62½c) per share on the outstanding Class "A" shares of the Company, payable September 15th, 1940, to shareholders of record at the close of business on September 5th, 1940.

AUBREY MUNDY,
Secretary.
August 28th, 1940.

O'Brien Gold Mines, Limited

(No Personal Liability)
DIVIDEND No. 4

NOTICE is hereby given that a Dividend of Five (5) Cents per share has been declared by the Directors of O'Brien Gold Mines, Limited (No Personal Liability), payable in Canadian Funds on September 28th, 1940, to Shareholders of record at the close of business on September 12th, 1940.

By Order of the Board.
P. L. TOD,
Assistant Secretary.
Ottawa, Ontario,
August 30th, 1940.

DIVIDEND NOTICES

Belding-Corticelli Limited

Notice of Preferred Stock Dividend No. 103

A dividend of one and three-quarters per cent (1¾%) has been declared on the Preferred Stock of this Company, for the quarter ending 31st August, 1940.

Notice of Common Stock Dividend No. 58.

A dividend of one per cent (1%) has been declared on the Common Stock of this Company, for the quarter ending 31st August, 1940.

The above dividends are payable on the 1st day of October, 1940, to Shareholders of record at the close of business the 14th day of September, 1940.

BY ORDER OF THE BOARD
D. F. Pollock
Secretary.

DIVIDEND

CHARTERED TRUST AND EXECUTOR COMPANY

Notice is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending September 30th, 1940, payable October 1st, 1940, to shareholders of record at the close of business September 16th, 1940.

By order of the Board.
E. W. McNEILL,
Secretary.
Dated at Toronto,
August 8th, 1940.

C.I.L.
"A", "B" and pfd.
BOUGHT SOLD QUOTED
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Week in Wheat

West to Get Payments On Stored Wheat

Government Meets Pleas for Aid to Bolster Limited Cash Income of Farmers Under Previous Curb on Grain Deliveries

From Our Own Correspondent

WINNIPEG.—An advance to western farmers on wheat stored on their farms is now assured by the Dominion Government. Basic arrangements were made in negotiations at Ottawa early this week following thorough study of the western situation, and further parleys dealt with the amount to be advanced and the method of issuing it.

With millions of bushels of wheat spouting from threshing machines across the prairies, the full implications of the Government's policy in carrying the wheat industry are becoming obvious. Exportable surplus figures are rising toward the 700 millions mark, with the combined carryover from 1939-40 and the new wheat of the 1940-41 season.

The Government has placed a market value of 70 cents a bushel on all this wheat on the basis of No. 1 wheat at Fort William or Vancouver. The total investment involved for the national treasury is therefore upwards of $490 millions, with extremely uncertain prospects at the present time of realizing anything like this figure by sales in the coming year.

A strong delegation led by Premier John Bracken of Manitoba submitted arguments to the wheat committee of the Dominion Cabinet. It was contended that since the national treasury has been committed to paying 70 cents for all wheat produced in Canada, arrangements should be made to make this money, or part of it, available immediately in order to prevent the collapse of western economy.

Extra Cash Needed

The West has suffered a heavy blow through collapse of export trade. The initial delivery quota of five bushels per acre, working out to about 135 million bushels, will mean that upwards of 350 million bushels must be stored on the farms. On a 70-cent price based at Fort William and Vancouver, the average return to farmers will be about 50 cents.

The delivery quota means, therefore, only about $65 or $67 millions for the operating costs of western wheat farmers, not enough to cover immediate expenses, let alone pay taxes and meet other debts.

Premier Bracken estimated that at least another $100 millions must be provided to furnish sufficient funds for the West to come through.

The risk of advancing money on security of wheat kept in private and possibly unsupervised storage on the farms, shut out all normal credit operations to carry the wheat surplus. Two proposals have been under consideration:

1. That the Government cover all credits advanced through banks and other interests on stored wheat.

2. That a direct payment be made, in the form of an advance of 35 or 40 cents, by the Wheat Board, with the elevator companies operating as agents.

Since the wheat board is committed to taking title to the wheat in due course, the latter proposal was favored. Extensive areas in western Canada are no longer served by branch banks, making the local branches unsuitable for the task from the point of view of convenience.

• • •

Alternative Plan

Another proposal that received consideration was the payment of an interim sum on last year's crop, the power to do this having been provided by legislation in July. With a substantial carryover existing from last year, however, the Wheat Board is probably not in position to estimate whether any further payment can be made on that account.

Advance of 40 cents on all the new crop, out of the guarantee of 70 cents, would release possibly $200 millions to oil the wheels of business in the West. Most requests from the West centred around a figure of 35 to 40 cents.

Special sessions of the legislatures of the prairie provinces are in prospect to provide legal sanctions for advances given on wheat, since the field of civil rights is under provincial jurisdiction. Pending final decisions at Ottawa, the western provinces may undertake a complete revision of debt priorities in order to ensure the payment of taxes and operating costs prior to other debts. A virtual moratorium already exists in Alberta and extensive debt adjustment legislation is in force in Saskatchewan and Manitoba.

Commodities

Commodity prices have shown a slightly firmer tone.

In the industrial group, cotton was fractionally higher owing to better demand from manufacturers, reflecting increased buying by wholesalers. Hides also were higher owing largely to a decrease in stocks on spot.

Weekly indices of spot prices have been mostly higher.

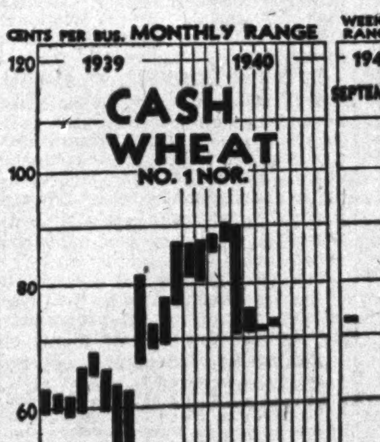
COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$8.75	$8.75	$6.75
Hogs	9.50	9.50	8.15
Copper, lb.	.11	.11	.11
Cotton, lb.	.0971	.0969	.0887
Rubber, lb.	.1931	.1957	.1850
Sugar, raw, lb.	.0266	.0265	.0324
Silk, lb.	2.52½	2.53	2.57½
Wheat, Man. (bu.)	.72¾	.72⅛	.59½
Coffee, lb.	.05⅛	.05⅛	.05⅛
Hides	.11	.09½	.12
Weekly Indices			
Canada (D.B.S.)	82.3	82.2	71.9
Do., Wood, Gundy	64.6	64.1	53.5
U. S. Labor	77.2	77.2	74.8
Dow Jones (future)	49.48	48.85	47.98
Fishers'	81.6	81.0	78.4
Monthly Indices			
Canada (D.B.S.):			
Retail (July)	86.7	86.0	83.1
W'sale (July)	82.4	81.6	72.6
U. S. (June)	77.5	78.4	75.6
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Wheat Prices



Cash Quotations

	For Week Sept. 3 High	For Week Sept. 3 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.72¾	.72⅝	.72⅝	.72⅜
1 Nor.	.72¾	.72⅝	.72⅝	.72⅜
2 Nor.	.70¼	.70⅛	.70	.69½
3 Nor.	.66⅞	.66⅞	.66⅞	.66⅝
4 Nor.	.62⅞	.62⅞	.62⅝	.62⅛
5 Wheat	.58⅝	.58⅝	.58⅝	.58⅝
6 Wheat	.56⅝	.56⅝	.56⅝	.56⅝
Feed	.52⅝	.52⅝	.52⅝	.52⅝
Oats:				
2 C. W.	.28⅝	.28	.28⅜	.27⅞
3 C. W.	.27⅛	.26½	.26⅝	.26¼
Barley:				
1 Feed	.32⅝	.32	.33	.31⅞
2 Feed	.32⅛	.31½	.32⅝	.31⅝
Flax:				
1 C. W.	1.34	1.32¾	1.33¼	1.32⅛
2 C. W.	1.29½	1.27	1.27¾	1.27⅛
Rye:				
2 C. W.	.42	.41⅝	.42½	.40⅝

Winnipeg Grain Futures

Week to Sept. 3, 1940

Crop year from Aug. 1, 1940 High	Low		Open Aug. 28	High for week	Low for week	Close Sept. 3	Close year ago
		Wheat					
*.73⅝	.73⅝	Oct.	.73⅝	.73⅝	.73⅝	.73⅝	.74
*.74⅝	.74⅝	Dec.	.74⅝	.74⅝	.74⅝	.74⅝	.75⅛
		Oats					
.30⅝	.27¾	Oct.	.28⅛	.29⅛	.28⅜	.28⅝	.40⅝
.28⅛	.25⅝	Dec.	.27	.27½	.26¾	.28⅛	.39½
.30	.26⅝	May	.28⅛	.28½	.27¾	.27¾	.40¾
		Barley					
.34⅝	.31½	Oct.	.34½	.34⅝	.33⅛	.33¼	.46
.34¾	.30½	Dec.	.33¾	.33¾	.32⅝	.32⅝	.44⅝
.35⅝	.33⅝	May	.35¼	.35¼	.33⅝	.33⅝	.45⅝
		Flax					
1.34½	1.32	Oct.	1.33⅛	1.34⅛	1.33	1.33	1.47
1.34⅛	1.31¾	Dec.	1.32½	1.32⅝	1.32½	1.32½	1.41⅝
1.39⅝	1.35⅝	May	1.36⅛	1.36½	1.35⅝	1.35⅝	......
		Rye					
.46⅛	.40⅛	Oct.	.42⅞	.43¼	.42	.42⅝	.52¼
.46¾	.40¾	Dec.	.43⅝	.43⅝	.42⅝	.43⅝	.53⅝
.46¾	.44¼	May	.46	.46	.44⅝	.45⅛	.56¾

*Minimum prices.

PARRISH & HEIMBECKER LIMITED
Incorporated 1909
Grain Receivers Shippers and Exporters
HEAD OFFICE: WINNIPEG
BRANCH OFFICES:
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C.P.R. Earning Continue Gains

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway continued to show wide expansion in earnings in July. The gain in net earnings for the month over the same period last year was $1.8 million. In the seven months to July 31 net earnings gained $9.1 millions.

Earnings reported for July are the best for that month since July, 1930. Gross earnings increased $3.6 millions, while net earnings nearly quadrupled.

Net earnings for the first seven months were the most satisfactory in the same period since 1929. Net earnings for the period totalled $15 millions, while in the same seven months of 1929 it was $21 millions.

Following are earnings statements for July and the seven months, compared with the corresponding period in 1939, and net earnings for the first seven months from 1929 to this year:

Earnings Statement

July:	1940 $	1939 $	Incr. $
Gross earns.	15,303,417	11,657,403	3,646,014
Oper. exp.	12,898,586	11,031,243	1,867,343
Net earns.	2,404,831	626,160	1,778,671
Seven Months to July 31:			
Gross earns.	90,688,089	73,465,247	17,222,842
Oper. exp.	75,647,252	67,487,743	8,159,509
Net earns.	15,040,837	5,977,504	9,063,333

Net Earnings

1940	$15,040,837	1934	$9,565,895
1939	5,977,505	1933	6,229,521
1938	3,188,385	1932	7,111,588
1937	9,355,614	1931	8,339,593
1936	7,770,100	1930	12,934,538
1935	7,660,301	1929	20,981,601

Eastern Light

Eastern Light and Power Co., Sydney, N.S., reports increase in gross earnings to $442,210 from $438,360 in the year ended Dec. 31, 1939.

Expenses and maintenance costs were reduced by $5,000 to $114,823, but power purchased increased to $167,315 from $152,136. Depreciation provision increased to $41,683 from $39,120.

Net available for interest charges was reduced to $79,746 from $88,462. Bond and other interest charges amounted to $17,105 during the year, against $33,947 in the preceding year. Interest charges were earned 4.66 times against 2.51 times in the previous year. Earnings on the common stock amounted to $10.44 a share in 1939, compared with $8.88 in 1938.

DIVIDEND NOTICE

FORD MOTOR COMPANY OF CANADA, LIMITED

DIVIDEND No. 51

The Board of Directors has declared a cash dividend of twenty-five cents ($.25) per share, payable on all of the outstanding shares of the company on September 28, 1940, to shareholders of record at the close of business September 7, 1940.

D. B. GREIG,
Secretary.
Windsor, Ont.
August 27, 1940.

Week in Mining

Better Mining Market May Now Be On Way

Greater Trading Volume and Buoyant Prices For Gold Mining Issues Indicate Public Once More in Market

For some weeks financial circles in Toronto have been suggesting the mining market might be due for substantial improvement this fall following what has been an unprecedentedly dull summer.

Outstanding developments at numerous junior gold properties and a long list of new companies paying dividends have been pointed out as excellent reasons for renewed public interest.

The last week has given the first concrete evidence that market sentiment has improved on any marked scale. Trading volume has risen substantially and buoyant prices for gold mining issues indicate that the public may once more be in a buying mood. One week doesn't necessarily prove that a new trend has been established but there is no mistaking the brighter view now being taken for the market outlook.

Bigger Copper Need

Increased production of copper from Canada is now as important as higher gold production. Reports from New York state that Great Britain's wartime needs for electrolytic copper are larger than can be quickly supplied by sources within the Empire. If anything was needed to emphasize the extent of Britain's war effort, the fact that the huge copper mines of Africa and Canadian copper production are insufficient to meet needs provides conclusive evidence.

Besides the purchases made in the New York export copper market, Great Britain has been a large purchaser of copper and brass products. Only a few weeks ago orders were placed in the United States for no less than 18,000 tons of brass rods; substantial further orders have also been placed since. Exports of American refined copper in the United States the first seven months of this year totalled 54,285 tons against only 13,254 tons for the same period of 1939.

* * *

Boosting Output

Canadian copper mines are extending their capacity to supply the United Kingdom with as much copper as possible, but it hardly appears likely that present mines can be expanded sufficiently to meet all the Empire's needs. War demands in Canada itself have increased greatly and this means less copper for export than would otherwise be the case.

How Canadian copper production can be further expanded is a knotty problem but one which should be tackled if the Empire is to save every dollar of foreign exchange it can. The present price for copper offers no inducement for the prospector to search for the red metal and financiers are not interested in base metal properties when gold mines offer higher profit potentialities.

* * *

Inducement?

Preferred tax treatment for new base metal producers might improve the situation. At the present time there appears little likelihood of any new copper properties being brought into production so that the Government would not lose anything by offering preferential tax treatment to new money invested in copper mining. Consolidated Smelters has several copper properties which could be placed in production but at present there is little inducement to do so.

* * *

Plant Migrates

The effect of war in transferring industry from the war zone to safer places was exemplified recently in the mining industry. One of the large English equipment firms, Holman Machines, which has always done a large business in Canada, is now preparing for the manufacture of a full line of air hoists, scrape-haulers, vee engines, drill sharpeners etc. at a newly acquired plant at Woodstock, Ont. Master drawings, patterns, jigs, gauges, etc., have been sent from England. Production is expected to commence by the end of October.

* * *

Start Tungsten Project

Important wartime development of Canada's northern mining fields, disclosed in Edmonton last week, may give those remote areas leading roles in the Empire's fight against Hitlerism.

First came the announcement that the Slave Lake Gold Mines would establish a tungsten-gold mine on Outpost Island in Great Slave Lake. The plans are to push development to make Canada a producer of tungsten by early in 1941. Surveys have revealed that values of the strategic mineral are "commercial" in that area. It is estimated that the tungsten ore would run about $18 per ton.

Establishment of a plant on the island would be for mining and milling of gold at the property. The tungsten will be mined and concentrated at the property and refining of the concentrates planned "outside." The proposed gold milling plant will have a rated capacity of 50 tons of ore per day. The Slave Lake Gold Mines is backed by eastern Canadian interests and general investors.

Particular importance is attached to the prospects of mining quantities of tungsten. Among the chief sources of this mineral so much in demand in war manufacturing is China, but shipments from there are slow because of Japanese intervention.

Another north development for this year is the proposed establishment of a 150-ton capacity milling plant on the Thompson-Lundmark gold property, 40 miles east of Yellowknife, N.W.T. Consolidated Mining and Smelting company recently acquired a large interest in this property.

Week in Oils

From Our Own Correspondent

CALGARY. — Grinding down through more than 1,800 feet of rock in only eight days, the Cord-Zandmer group's new rotary rig has carried its first Vermilion area test to completion. The well, Vermilata-Frankview No. 2, is a north offset of the discovery producer, Franco Battleview 2, which is yielding about 60 barrels daily of 13 to 15 API gravity crude oil. The new completion was going on production test this week but, at the time of writing, no estimate of potentialities was possible.

The rotary rig, meanwhile, is being shifted a quarter of a mile to the west, where it will be used to drill Cord-Zandmer's second test, Western Battleview No. 1.

In quick succession it is planned, the company says, to drill at least 10 wells, offsetting the producing Franco-Battleview 2 on all sides and gradually extending the field in four directions. By this method of offsetting, and by careful checking of water and potential oil and gas horizons, it is hoped systematically to develop the Vermilion field into a substantial producer of heavy gravity crude oil.

* * *

Being Abandoned

Vermilata-Frankview No. 1, apparently off structure at its location two miles northeast of Franco Battleview 2, is being abandoned at 2,162 ft. after encountering considerable water, with only minor oil showings. Franco-Battleview No. 3, 12 miles south of the discovery producer, has been gravel packed, but apparently water sands have not been successfully shut off. Production is running about 85% water and 15% oil.

Another well on the large and relatively undeveloped central west flank of Turner Valley has taken its place among the field's better producers. The well, Southwest No. 4, has been rated as good for about 40 barrels hourly following completion and treatment with a total of 10,000 gallons of acid. The well was financed by the Northwest Co., which will recover drill costs from initial production, thereafter sharing evenly with Southwest Petroleum Ltd. The well was on Conservation Board test to determine allowable this week.

* * *

Start to the West

The rotary rig from Southwest 4 was speedily dismantled and shifted to the Royalite No. 54 location, quarter of a mile to the west. Within six days after completion of Southwest 4, Royalite 54 was spudded in. This venture is being financed 25% by the C. & E. Corporation and 75% by Royalite Oil Co. Net revenue will be shared on this basis. Only gross royalty payable is 12½% to the C. & E. Corp.

* * *

Tops Limestone

Okalta Oils Ltd. has topped the Madison lime objective at its first central west flank test, Okalta No. 9, and announced concurrently that the company-owned rotary rig will be shifted to a second central flank location, yet to be selected, following completion of the present well. No. 9 is expected to complete by Sept. 20. Okalta No. 10 will probably offset No. 9.

* * *

To Offset Arrow

Still further swelling the number of new ventures slated to get under way on the central flank, arrangements have been made for a well offsetting big producer Arrow No. 1 to the north. The new well, Atlas Royalties Ltd. No. 1, will be financed by an issue of 50% preferred net royalty. The well is sponsored by C. C. Cross & Co.

Arrangements are also being made to complete the Sunray No. 1 well, central flank test carried to 3,000 ft. last year by a Montreal group and shut down when outbreak of war made financing difficult. The well is half a mile south of big producer Arrow 1. Completion is being financed by an issue of 32% preferred net royalty to the public. The issue is being sponsored by Lion Refineries Ltd., independent Alberta refining company. Lion has arranged for a heavy duty rotary rig and work was scheduled to resume this week.

* * *

Standard of B. C.

Standard Oil of British Columbia is planning another drill-test in the vicinity of the Standard Princess No. 1 well in Steveville area, and definite location for the new test was expected this week. The rotary rig from the Standard Tide Lake well will probably be used. The promising oil and gas showings encountered at the Princess well are considered to warrant the further drilling in this area.

The Princess No. 1 well, meanwhile, is repairing derrick and rigging up preparatory to resuming testing of the Madison lime. The derrick was recently wrecked when a heavy burst of gas hurled equipment from the hole. Standard's Tide Lake No. 1 well, drilled several miles south and east of the promising Princess test, is being abandoned around 4,200 ft. Showings in the limestone were not considered very encouraging.

* * *

Hits Faulting

Production hopes for the Alliance No. 1 test on the Mill Creek structure have been centred on a 23 foot oil sand around 4,600 feet and on other narrower oil and gas horizons in the Blairmore and Kootenay formations as a result of faulting which has precluded the possibility of reaching the original objective, the Madison limestone, within reasonable depths at the present location.

Cores from the 4,600-ft. zone showed heavy oil saturation, and it is possible that commercial oil production can be developed.

Drilling was suspended a few days ago at 6,722 ft., after which careful checks of formations samples and cores were made. These tests, it was reported, indicated the bit had passed from the Fernie shale into Benton formation around 6,000 ft. Casing has been run and set to 6,011 ft. and it is probable that testing of the Blairmore and Kootenay sands will get under way in the near future.

Lake Shore Net Lower

Credited Entirely to Reduced Milling Rate—Ore Developments Good

Curtailed milling operations, made necessary since November last as a safety measure, resulted in a decrease in net profits for Lake Shore Mines in the fiscal year ended June 30, 1940.

Net profit for the year of $5,534,927 was the equivalent of $2.77 per share, compared with $7,070,767 or $3.54 per share in 1938-39. While per ton recovery of $16.25 was identical with the preceding year, reduction in tonnage milled from 898,894 tons to 755,661 tons resulted in bullion production of $12,281,332 compared with $14,603,715 in 1938-39.

Intensive research work was continued during the year on the problem of ground movements and the effects of pressure on underground workings, A. L. Blomfield, managing director, states. Although ore reserves are comparable with those of previous years, the rate of mining is determined to a large extent by the rock-burst problem.

Ore Looks Similar

Development drifts were driven a total of 5,726 ft. during the year, of which 2,579 ft. or 45% was in ore averaging 0.651 oz. across an average width of 54.1 inches before slashing. While the greater part of the work was done on the Nos. 1 and 2 veins, 282 ft. of drifting on a zone situated near the north boundary opened 50 ft. of ore averaging 0.34 oz. across 51.3 inches. Near the end of the year, work was started on the new 4,575- and 4,700-ft. levels. Work has been insufficient to estimate the amount of ore to be expected, but appearance of the veins was similar and values comparable with the levels immediately above.

The programme of deep development saw completion of No. 6 shaft to the 4,750-ft. horizon. No. 4 shaft has reached a depth of over 5,400 ft., with the objective at 6,075 ft. This work is proceeding satisfactorily, President Dr. W. P. St. Charles states.

Improved Operations

The roasting plant and flotation unit has now been in operation for 15 months. Cost-plus-tail figures give the past year an advantage of 15 cents per ton, with somewhat better results shown in the last six months attributable to further refinements in mill operation and the higher price received for gold. Overall extraction at 97.81% showed further improvement over earlier years. Under present conditions, with reduced tonnage milled and higher taxes, construction costs for the roasting and flotation unit will be paid back in one and a half years, it is stated.

Drifting and diamond drilling on the Kirkland Basin property, being explored by Lake Shore under an option arrangement, was continued during the year. The total of work done on this property was brought up to 2,403 ft. of cross-cutting, 712 ft. of drifting and 12,049 ft. of diamond drilling. While the work exposed a number of gold-bearing fractures, values were erratic and no pay ore was developed. It is considered that the property has been well tested at the 3,075-ft. horizon and that additional work is not warranted by the results secured, according to Mr. Blomfield.

The annual meeting will be held on Sept. 17 at the head office, Kirkland Lake.

Income and Surplus Account Years Ended June 30

	1940 $	1939 $
Bullion production ..	12,281,332	14,608,715
Less oper. expenses:*		
Devel., mng., milling & gen.	4,886,664	5,659,658
Administrative	83,586	84,768
Operating earnings ..	7,311,082	8,864,289
Add: Non-oper. inc. .	23,551	19,215
Net earnings	7,334,633	8,883,504
Less: Tax provn.	1,608,617	1,367,114
Depreciation	191,089	445,623
Net profit	5,534,927	7,070,767
Less: Dividends	5,500,000	8,000,000
Surplus for year	34,927	†929,223
Add: Prev. surplus ..	3,359,368	4,637,497
Less: Taxes, prior yrs.	108,528	......
Mining shs. w/d ...	250,000	348,896
Surplus forward	3,035,767	3,359,368

†Deficit.
*Includes expenditures on Kirkland Basin Gold Mines; $29,219 in 1940, $47,458 in 1939.

Earnings per Share and Dividend Record:		
Earned	$2.77	$3.54
Paid	2.75	4.00

Working Capital As at June 30

	1940 $	1939 $
Current assets	6,230,693	6,237,023
Current liabilities	2,121,374	2,010,849
Working capital	4,109,319	4,226,174

Great Northern Paper Maintains $49 Price

From Our Own Correspondent

MONTREAL. — Great Northern Paper Co. has announced that its fourth quarter price for this year will be maintained at the same level prevailing in the preceding three quarters. That is $49 a ton based on delivery in New York City.

Canadian manufacturers have already announced that they will continue the price of $50 a ton, based on delivery in New York City, for the six months period covering the fourth quarter of 1940 and in the first quarter of 1941.

War Jobs Accelerate Construction Boom

Industrial and Public Building Projects Swell August Contract Total

Soaring to still greater heights from the momentum of war demands, building of war factories and public buildings for defense purposes boosted new construction in Canada during August to the highest monthly level since the same month in 1930.

Total of contracts awarded last month is set by MacLean Building Reports at $40,747,900—reflecting an increase of nearly $15 millions or 59% over August, 1939. Of the total for August this year, over $30 millions consisted of awards for industrial construction and for business-type buildings. In the latter category, $11.5 millions of the $15.5 millions sub-total was made up of projects for erection of barracks, air training schools, hangars and other public buildings.

Residential Decline

The industrial and business classifications more than accounted for the large increase in the August figure, decrease of 18% and 51% respectively being shown by residential and engineering construction. The latter group showed a drop mainly from curtailment of road building in various provinces. The industrial sub-total for August of about $15 millions included a single award of $10 millions for a war plant in Quebec.

The cumulative total for the first eight months of the year now stands at $195.5 millions, an advance of over $64 millions or 49% over the same period last year. Only group of the four main classifications to show a decline is residential building, down 9%.

Current Trends Of Construction

Trends of construction activity in Canada last month and so far this year, broken down according to chief categories of projects started, are shown in the following tabulation by The Financial Post from the monthly building statistics of MacLean Building Reports:

CONSTRUCTION CONTRACTS AWARDED

First Eight Months	1940	1939	—Change—	
	—millions of $—			%
Residential	43.8	48.1	—4.3	—9
Business .	61.7	38.9	+22.8	+58
Industrial .	44.6	15.2	+29.4	+193
Engineering	45.1	28.9	+16.2	+56
Total ...	195.5	131.4	+64.1	+49
August Totals				
Residential	5.8	7.1	—1.3	—18
Business ..	15.5	8.3	+7.2	+86
Industrial .	14.9	1.1	+13.8	+1254
Engineering	4.5	9.3	—4.8	—51
Total ...	40.7	25.8	+14.9	+58

Details of August Awards

	August 1940 $	August 1939 $
Apartments	590,600	643,500
Residences	5,241,100	6,479,700
Total residential	5,831,700	7,123,200
Churches	299,100	807,800
Public garages ..	270,100	341,900
Hospitals	192,900	1,362,400
Hotels, clubs	58,00	274,900
Office bldgs.	404,000	269,900
Public bldgs.	11,467,900	2,817,600
Schools	1,318,800	1,125,600
Stores	501,400	638,100
Theatres	115,500	148,500
Warehouses	898,700	479,100
Total business .	15,527,200	8,265,800
Total industrial .	14,926,500	1,149,100
Bridges	520,500	671,500
Dams, wharves ..	948,600	1,575,000
Sewers, waterm'ns.	214,900	914,800
Roads, streets	2,478,500	6,007,100
Gen'l. engineering	300,000	119,900
Total engin'ring	4,662,500	9,288,300
GRAND TOTAL..	40,747,900	25,827,200

Eight Months Totals

1940 ..	$195,489,000	1938 ..	$123,926,800
1939 ..	131,402,800	1937 ..	156,691,900

Asks Cessation of Mine Strikes

Labor Minister Appeals to Union Convention to Eliminate Trouble

From Our Own Correspondent

MONTREAL. — Labor Minister McLarty appealed to the United Mine Workers of America at a convention of that body at Truro, N.S., to remove the "canker" of strikes that has cut coal production in the Maritime Province in the past several months. He declared that there have been "more sporadic strikes in Nova Scotia than in all the rest of Canada."

Production of coal in Nova Scotia has been cut considerably by these strikes, Mr. McLarty said.

Figures of coal production at Dominion Coal Co. published by The Financial Post show that in May, June and July production was down substantially from the same three months last year.

The strikes have been undertaken without union approval, and have been aimed at driving foreign-name workers from the pits. This has been particularly in evidence since the entry of Italy into the war against Britain.

Mr. McLarty appealed to the convention "to maintain the dignity and integrity of your union and see that these ill-considered, irresponsible strikes are eliminated."

Sees U. S. Pulp Supply Enough

Defense Advisory Commission is Assured by Industry on Situation

From Our Own Correspondent

MONTREAL. — Supply of wood pulp in the U. S. during 1941 will be sufficient to meet requirements of domestic consumption and probable exports, officials of the National Defense Advisory Commission have concluded.

Industrial leaders have assured the Commission that further price advances would be warranted only by increases in costs, despite the rise in prices following the stoppage of exports from Scandinavia, according to a statement issued by Edward R. Stettinius, Jr., who heads the Commission's division of industrial materials.

The report states that as a result of the survey conducted by the Commission no government programme for the building of new plants or curtailing use of wood pulp appears necessary or desirable now.

The survey was made because of apprehension in some quarters that a shortage might be caused by cutting off of Scandinavia as a source of supply.

Announces Payments On Brazilian Bonds

From Our Own Correspondent

MONTREAL.—J. Henry Schroder Banking Corp. has notified holders of the State of Sao Paulo (United States of Brazil) 7% secured sinking fund gold bonds, external water works loan of 1926, that funds have been remitted to make payment of 14% of face amount of coupons due March 1, 1938. This amounts to $4.90 for each $35 coupon and $2.45 for each $17.50 coupon.

Acceptance of the payment offered is optional, but acceptance is taken as full payment. No provision has been made for payment of unpaid coupons which matured April 1, 1934, the notice declares.

General Steel Sales Expand

From Our Own Correspondent

MONTREAL.—Sales of General Steel Wares Ltd. are continuing to expand, it is reported.

In the year to July 31 sales were approximately 15% greater than those of the corresponding period last year, according to F. S. Corrigan, vice-president and general manager. In the first three months of August they were up about 23%.

Iron Foundries Sales Jump

Business Up 50% in Six Months — Prospects for Remainder Excellent

From Our Own Correspondent

MONTREAL.—Business of Canada Iron Foundries Ltd. in the first six months of the current year was about 50% better than in the same period last year, The Financial Post is reliably informed. It is expected that this rate of betterment will continue through the remainder of the year.

In comparing this year's business with last, it is pointed out that the first nine months of 1939 were below normal. In the final three months of the year ended Dec. 31, 1939, operations increased sharply with the result that net profit of $367,093 was the highest registered since 1931, when it amounted to $434,908. Even allowing for "excess" profits tax, net should be well ahead of last, and perhaps reach record heights.

Casting Works Busy

Canada Iron Foundries has shared in the sharp upswing in the heavy industries since the opening of the war, stimulated by Canada's war effort. Principal improvement has been experienced in grey iron castings used in machinery building and in machine shop jobbing work.

The company's casting plants at Hamilton and St. Thomas are working at capacity levels. It is not expected, however, that output of car wheels and brake shoes for railways, nor cast iron pipes will show an increase over last year.

Calgary Power Concludes Deal

Reaches Power Interchange Agreement With Edmonton Officials

From Our Own Correspondent

EDMONTON.—City of Edmonton and the Calgary Power Co. have reached agreement on interchange of power, for years a subject of negotiations and civic political issues.

Arguments on public vs. private ownership of the city's power plant have featured civic elections for several years. A straight interchange proposal, involving no cash payment by either party, was approved on a six-to-four vote of city council. The agreement needs ratification of the provincial legislature before it can become effective.

Details of Plan

The plan requires that the city (subject to meeting requirements of its own city users) shall supply any kilowatt hours that the company may need during low-water seasons and the company to return these kilowatt hours at other times while still operating its own plant.

The agreement was opposed by some aldermen and citizens who saw the move as a slap for the public ownership policy. The city owns its own plant and recently spent about $750,000 on a new turbo-generator and boilers, and contemplates a new heavy expenditure to further build up equipment and reserves.

Monthly Bank Clearings

	August 1940 $	August 1939 $
Halifax	13,193,845	10,124,454
Saint John	8,101,331	7,822,800
Moncton	3,730,794	3,090,870
Sherbrooke	3,669,963	3,175,166
Quebec	22,520,480	21,597,670
Montreal	401,568,867	455,018,256
Ottawa	128,184,633	71,137,920
Kingston	2,726,553	2,422,920
Toronto	434,276,406	435,388,807
Hamilton	24,719,055	20,254,411
Kitchener	4,420,421	4,176,565
Brantford	3,517,051	3,325,840
London	10,043,276	9,518,185
Windsor	11,315,278	10,778,234
Sarnia	1,829,298	1,888,162
Sudbury	4,461,860	4,419,593
Fort William	3,816,023	3,265,411
Brandon	1,457,331	1,409,543
Edmonton	17,435,992	16,579,345
Lethbridge	1,769,152	2,160,659
Medicine Hat	927,829	958,049
N. W'minster	3,101,643	2,872,437
Vancouver	78,801,416	75,875,035
Victoria	7,809,275	7,496,316
Calgary	22,013,637	19,256,467

Business Good For Fairbanks

Results For Year Expected to be Best in 15 Years

From Our Own Correspondent

MONTREAL.—Business of Canadian Fairbanks-Morse Co. in the year to date is substantially ahead of last year, and it is expected that results for the entire year will be the most satisfactory for 15 years, without taking into consideration effects of the "excess" profits tax. Prospects for the remainder of the year are excellent.

Gains have been recorded in all departments of the company's activities. The tool distribution department has shown the greatest gain. Creation of new manufacturing facilities and rehabilitation of old plants because of war have made a good demand for the wide range of products handled by Canadian Fairbanks-Morse.

Stimulated by War

In 1939 the company reported net profit of $153,651, compared with $144,906 in 1938. Volume of business in the first six months of 1939 showed considerable contraction, but the improvement for the remainder of the year was steady. Since the outbreak of the war increased industrial activity has created a brisk demand for goods used in heavy industry.

Ontario Steel Profits Gain

Company Adds New Building and Starts Plastic Manufacture

Ontario Steel Products Co. reports net profits for the year ended June 30, 1940, of $105,641 compared with $62,007 for the previous year. On the preferred stock net profits are equivalent to $29.32 a share compared with $17.21, with a balance of $1.66 a share for the common, against 76 cents. Dividends of 60 cents a share were paid on the common last year while a 75-cent payment was made on Aug. 15 this year.

Evidence of the greater scale of operations in the past year is seen in the changes in the balance sheet. While cash is lower at $116,386 this is more than offset by higher inventories and receivables with the result that working capital has gained about $53,000. Principal balance sheet changes follow:

Balance Sheet Changes

	1940 $	1939 $
Cash	116,386	182,004
Receivable	158,068	84,185
Inventories	262,385	105,976
Investments*	107,773	113,450
*Market value	146,225	127,670
Accounts payable	75,416	16,567
Taxes payable	61,131	15,134
Mortgage payable ...	85,000	95,000

A new building at Chatham plant has been authorized to provide increased chemical laboratory and storage facilities. The company has added manufacture of extruded plastics to its line of products during the past year.

Income and Surplus Account Years Ended June 30

	1940 $	1939 $
Net oper. profit	219,030	122,806
Add: Invest. revenue	12,763	9,119
Total income	231,793	131,925
Less: Depreciation ..	29,786	25,000
Exec. salaries	29,242	25,340
Directors' fees	2,175	1,577
Legal fees	93	120
Mortgage interest ..	4,856	5,381
Income tax prov. ..	60,000	12,500
Net profit	105,641	62,007
Less dividends:		
Preferred	25,221	25,221
Common	29,064	24,220
Surplus for year	51,356	12,566
Add: Prev. surplus ..	264,162	252,661
Profit on invest. ...	7,677	......
Less: Tax adjustment	311	1,065
Earned surplus fwd. .	322,884	264,162
Earned per Share:		
Preferred	$29.32	$17.21
Paid	7.00	7.00
Common	1.66	0.76
Paid	0.60	0.50
Shares, Outstanding:		
7% pref., $100 par ..	3,603	3,603
Common, n.p.v. ...	48,440	48,440

Working Capital

	1940 $	1939 $
Current assets	644,748	485,615
Current liabilities	143,852	38,006
Working capital	500,896	447,609

Sockeye Salmon Pack is Rich

Best in Six Years — Total Catch Worth $17.6 Millions

From Our Own Correspondent

VANCOUVER. — British Columbia's salmon pack may not be the biggest on record, but the "big money" sockeye catch has been the greatest in six years with the single exception of 1936.

The sockeye pack so far is nearly 350,000 cases out of a total pack of all varieties amounting to 714,000 cases. The higher-priced sockeye account for more than 50% of the total pack, whereas in 1936 it represented only about 33%.

Packers continue to report sales to the United Kingdom at a high volume, despite strict licensing. Prices are being set on halves and quarter pounds only, as it is unlikely that many salmon will be packed in one-pound cans.

Catch Worth $17.6 Millions

Since the British food control recently announced that food would be bought on the basis of caloric content as related to price, it is expected that British buying of the cheaper varieties of salmon will be on a comparatively large scale, but nothing definite has developed in this connection.

The provincial government issued figures this week showing total values of the 1939 catch: $17.6 millions compared with $18.6 millions the previous year. More than 9,000 men are directly engaged in the industry now and value of capital invested is $22.4 millions, of which $14.2 millions is in canning and curing establishments.

Feature of the year is the rise in the herring industry, 418,000 cases being packed compared with only 23,000 the previous year. This is a development directly traceable to the war. Tuna was packed commercially last year for the first time.

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C. P. R. Calls $15 Millions Of Bonds For Redemption

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway Co. has announced that it will redeem $15 millions of its collateral trust bonds on Oct. 1. This issue is dated April 1, 1936, and matures April 1, 1941. The bonds are callable on 30 days' notice at 100.50 and accrued interest.

There will be no financing to provide for the retirement of the issue. Requirements will be met from the cash resources, which in view of the company's strong liquid position at the end of 1939, and expanding earnings, will be sufficient to meet the call. At Dec. 31, 1939, net working capital totalled $48.7 millions.

Lets Contracts

The company has let contracts for freight and passenger equipment to two companies: Canadian Car and Foundry Co. and National Steel Car Co.

This equipment is required to meet increased traffic burden which the company has been experiencing since the outbreak of war.

Canadian Car has received an order for 100 low side drop end steel gondola cars, 75 tons capacity; 10 steel baggage and express cars, 84 ft. in length, and 25 steel frames for first class passenger coaches.

National Steel Car has received an order for 100 low side drop end steel gondola cars of 75 ton capacity, and 300 steel twin hopper coal cars of 50 ton capacity.

Interior work and finishing of the 25 steel coaches to be built by Canadian Car will be done by C.P.R. at its Angus Shops. The coaches will be air-conditioned.

Price of the equipment has not been divulged by the company.

Ham. Cottons Profits Up

Substantially Higher 1940 Sales Partly Offset by New Taxes

A substantial increase in sales has been shown by the Hamilton Cotton Co. in the first eight months of 1940, as compared with the same period of 1939, The Financial Post is officially informed. Net profit is also higher, and indications point to results for the full 12 months being better than the figure of $100,145 earned in 1939. Increased taxes, including "excess" profits tax, is to a large extent offsetting the higher sales revenues.

Direct and indirect war orders have made up a substantial portion of the company's 1940 business, and the proportion of war business is considerably higher than in 1939. Principal war business is done indirectly, through supplying Government contractors with materials—primarily yarns.

Improved Plant

The company also is feeling the effect of additions to plant and equipment last year. Spinning machines have been renewed. As a result of this programme, operating economies have been effected and it has been possible to handle a larger volume of busienss.

There has been a tendency for the exceedingly high rate of production shown in the first six months of the year to slacken off a little during the summer months. Indications are, however, that sales will continue at a satisfactory level for the balance of the year and probably on a better basis than in the comparable 1939 period.

Production costs have been higher this year than in 1939. While cotton prices showed an increase after the outbreak of war, they have been fairly stable since the initial rise.

Import Duty Helps

The company, in its civilian business, has benefitted from the 10% Dominion tax on imports of cotton goods from the United States, and U. S. imports recently have shown a sharp decline.

Indicating the improvement in earnings, the company has distributed two arrears payments of 25 cents each on the $2 preferred stock. Only the regular quarterly payments of 50 cents each were made in 1939. Directors are meeting this week to consider action on the payment due October 2.

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Axis Changes the Tune on Gold

Italian Economist Predicts Return To Gold Standard if Victory Won

By GORDON M. GRANT
Staff Writer, The Financial Post

More than one severe decline in the market for gold stocks has been attributed to Nazi attempts to discredit gold in the past, but last week was the first occasion for enemy "information" to suggest a rise in share prices.

Perhaps it was just another piece of propaganda; or perhaps it missed the eye of the Italian censor, but last week an outstanding Italian economist, Mario Mazzuchelli, reported that an axis victory would bring a full return to the gold standard! His article appeared in the leading Italian financial paper, Il Sole.

Hold Secret Meeting

According to Signor Massuchelli, a "secret" meeting of German and Italian financial experts took place on Aug. 17 at which the entire European economic situation was reviewed—from stem to stern. The Italian delegation headed by Senator Amedeo Giannini and the Nazi group, led by Minister of Economics Walther Funk, are reported to have not only reached the decision on gold, but to have decided that in the event of a Nazi victory Berlin would replace London as the financial centre of Europe; that the Reichsmark would become the leading currency in Europe; and that all European countries would be allowed to retain their own currencies.

Didn't Decide the War

Apparently the only thing the meeting did not do was decide whether Germany was going to win the war. Undoubtedly it is always good propaganda to tell what you are going to do after a war if you think you can convince people that you are going to win the war that way.

Even if the Italian newspaper article was inspired by axis propagandists, it represents a great change in the axis story on gold—and possibly a loss of face.

Short months ago Germany was doing everything in its power to discredit gold with the apparent object of hurting British purchasing power in the United States and disrupting world trade generally.

Then the Nazis were saying that gold would be replaced by the achievements of labor as a backing for money and that the Reichsmark was to become the only currency for all Europe. But according to this latest pronouncement, other currencies are to be retained in Europe as well as the Reichsmark. It appears significant that no reason is given for the change in the axis "views."

Reasons For Change

There are several good explanations, however, why Germany might wish to change its propaganda position on gold; none of them appear favorable to the Nazis. In the first place propaganda against gold has not shaken gold's value one iota and British purchasing power in the United States is unharmed. Furthermore, it appears enhanced; vide, the loan from United States to Canada, which seems just around the corner.

Desire to be seen in a favorable light by neutral countries, however, may now be the cause for the change in the position on gold.

Hitler knows that the fruits of war, if he can win, will largely be lost unless he can get other countries to trade with him. The United States has become seriously alarmed at the possibility of a Nazi victory; so much alarmed indeed that it is closer to war with Germany than ever before. In order to quiet fears and sugarcoat the present situation, the Nazis may now want to hold out the olive branch of "a gold standard" at the end of the war should they win. It looks like the old story of promises.

Other Currencies a Wedge

Retention of other currencies besides the reichsmark in Europe after a successful German war might allow a Nazi wedge in trade outside of Europe that would not be available to the reichsmark alone. The Nazis may have some faint hope also that in the event of a stalemate with Britain they could trade by means of other currencies. Britain is not likely to be tricked in this way, however. At the present time Europe is cut off from the world except Russia and the east, as far as trade is concerned. As long as Britain stands, the European continent is likely to remain isolated. Consequently all the German propaganda for renewed trade rests on the hope of a German victory.

Invasion Hopes Go

With the suitable time for an invasion of England rapidly passing, however, the Germans must realize that the chance of breaking the British blockade is quickly disappearing. Another year and Great Britain will likely have her defenses and air force built up to the point where an invasion will be out of the question. Nevertheless German propaganda may be expected to go on, based always on the assumption of a Hitler victory.

Germany Eager For Gold

Germany's attitude to gold has been influenced considerably by the gold supplies she has had available. Propaganda against gold was most marked when Germany had practically no reported reserves of the metal. After conquest of Poland, Norway, Denmark, Holland, Belgium and part of France—when large supplies had probably been obtained—it was stated that gold would be given a limited use for clearing trade balances but that the gold standard itself was really only of historical interest. Now the axis claims to be willing to take the gold standard at its face value, if something may be achieved from a propaganda standpoint. Views can always be changed later on, of course.

When it was suggested Germany would allow gold for settling trade balances with the United States, if trade could be arranged, it was demanded that the United States import more than she exported. If that were the case the United States would have to ship gold to Germany. Now Germany claims to be willing enough to accept gold in payment for goods when the opportunity arises.

Germany Using Its Gold?

Another reason exists why Germany might desire to retain confidence in the gold standard at this time. It is possible Germany may now be using gold supplies secured through conquests for the building up of strategic war metals secured by purchase through Russia. Russia has a peculiar c.o.d. method of trading, however, and would almost certainly demand payment before the products were secured. Rather conveniently, Russia may be on less favorable terms with Germany when the time came around for delivery of goods. The existing Russian trade agreement with Germany, for instance, stipulates that Germany delivers certain goods to Russia after which Russia ships certain raw materials to the Reich. In the past this has helped Russia keep on good terms with Germany as Germany would not wish to lose advances made.

Two Countries Near Break

At the present time Russia and Germany are closer to a break than at any time since the two countries divided Poland between them. If the two countries fall out it might be a more serious blow to the German plans than is generally realized.

Even if Germany is using newly-acquired gold to purchase raw materials through Russia, however, the acquisition of these materials must be carried out slowly, or undue attention would be drawn to the new gold coming on the world market. At present there is a United States moral embargo on shipment of many strategic materials throughout the world and the purchase and delivery of large quantities of raw materials would undoubtedly be difficult for even as large a country as Russia.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

RED DEER, ALTA.

Red Deer is the sixteenth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

The record of municipal government in Red Deer, Alta., is probably not bettered anywhere in Canada. But the town has had its trouble in the past.

About 1917 the Sheriff tried to seize the tax roll at the request of a debenture holder whose debenture had been unpaid. Conditions went from bad to worse until, in 1922, the city was on the verge of bankruptcy. The citizens decided to do something about it, and, to quote the present city commissioner, R. S. Gillespie, "Democracy Worked."

A council was elected which, realizing the gravity of the situation, immediately raised the tax rate from 46 to 65 mills. This was the beginning of a period of housecleaning which in a few years established an exceptionally high credit rating for the municality.

In 1926 an arrangement was made by which the city floated debentures totalling $85,000 to buy an electric light plant. Previously, citizens had been paying 20 cents per kw.h. Since that time the utility has earned the city a comfortable profit almost every year and, in addition, the rate has been reduced to 7 cents. In 1939 profit from all utilities was just over $30,000.

Percentage of collection of current taxes gradually has been increased from 64% in 1922 to 93.6% last year.

No debentures have been sold since 1926, and $100,000 of capital expenditures have been financed out of current revenue. A filtration plant, recently built, is expected to be fully paid for this year, $15,000 having been paid last year and the balance outstanding at Dec. 31 last, being $17,750.

The city charter does not permit the issue of sinking fund debentures. All debenture indebtedness is in the form of annuity bonds, which require annual repayment of principal as well as interest.

Population has been relatively stable, while net debenture debt has been steadily reduced. Per capita debt of $29.89 at Dec. 31, last, is unusually low, and compares with $54.72 five years previous.

The policy of paying all relief out of current revenue also has been followed.

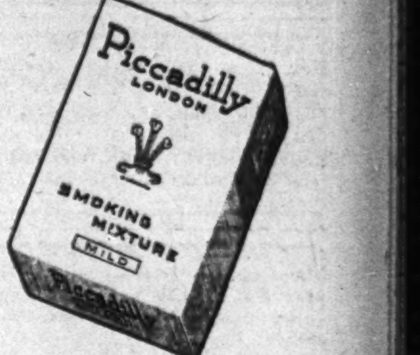
The Statistical Picture

	1939	1938	1937	1936	1935
Population	2,384	2,384	2,384	2,384	2,344
Assessment (taxable; in $000's)	1,504	1,483	1,429	1,382	1,357
Assessment per capita $	630	624	599	579	579
Mill rate	37	39	40	40	41
Tax collections:					
Current collections to curr. levy.. %	93.6	92.8	93.1	88.96	86.9
Current & arrears to curr. levy.... %	104.3	102.5	110.7	104.0	105.1
Gross debenture debt $	71,251	85,699	100,688	114,859	128,254
Less: Sinking fund (in $000's)	nil	nil	nil	nil	nil
Net debenture debt (in $000's)	71,251	85,699	100,688	114,859	128,254
Net deb. debt per capita $	29.89	35.95	42.23	48.18	54.72
Other liabilities	5,776	2,910	1,727	1,728	8,463
Relief exp. funded	nil	nil	nil	nil	nil
Relief met out of curr. rev.	5,387	4,415	4,170	6,066	4,135

Last Debentures Sold

1926: $85,000 6% debentures sold at par; for purchase of electric light plant and distribution system.

English clubmen are traditionally connoisseurs of pipe tobaccos, and they insist on just such mixtures as Piccadilly, a blend of the world's choicest varieties of leaf, each adding its quota to the perfect whole. The keener, more sophisticated your taste, the more you will enjoy Piccadilly.



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Mining Enquiries

Senator-Rouyn

What were the final details of the Senator-Rouyn deal mentioned in The Financial Post several weeks ago?

The final arrangements for bringing Senator-Rouyn into production resulted in sale of $150,000 of 6% four-year income notes, proceeds of which are to be used together with profits from treatment of ore at the Arntfield mill for erection of the company's own 300-ton mill which is expected to turn over by April 1, 1940.

The final arrangements with Arntfield Gold Mines call for a lease of that company's mill for six months with an option on a further nine months' operation if Senator should desire use of the mill further. During the six months ore is to be treated at the Arntfield mill, it is expected to mill a grade of ore higher than that in ore reserves with mill heads as great as $11.50 to $12.50 a ton.

A monthly profit of $40,000 to $50,000 is anticipated treating this grade of ore. Proceeds of financing and profits are expected to be not only adequate for mill financing but for opening the property to 875 ft. depth. A block of $250,000 of bonds is being reserved as security for a bank loan if this should be required.

The four-year notes are repayable out of net income on a quarterly basis commencing with the first quarter in which milling is started by Senator in its own mill. Not less than two thirds of the net income per quarter will be paid first to meet any loan or advance necessary for mill construction and secondly to a trustee for the benefit of noteholders. The trustee may use these funds to redeem notes at a premium of 2½% up to Aug. 15, 1943, and thereafter at par.

Consolidated Smelters

Are earnings of Consolidated Smelters likely to be higher this year than in 1939 when $2.85 a share was earned?

Profits of Consolidated Smelters last year showed an increase to $2.85 a share from $1.90 a share earned the previous year, partly due to sale of accumulated supplies of metals; partly because the company's output of metals was greater than in the previous year.

As there was no accumulation of metals on hand at the beginning of this year, there will be no profit from this source for 1940. However, it is anticipated that metal production will show a considerable increase as operations are at full capacity; something that was not the case the first eight months of last year.

The excess profits tax is generally expected to prevent the company showing any great increase in profits this year even with a higher metal output. Profits from gold mining and subsidiary metals will likely show an increase, however, and this will help meet increased taxation.

Straw Lake Beach

What is the position of Straw Lake Beach Gold Mines?

While financing of Straw Lake Beach Gold Mines may have been difficult recently, the mine has been responding to development. Opening up of a new level at 575-ft. depth disclosed 474 ft. of ore which is stated to average around $17 a ton. The east face of the drift at this level is stated to be continuing in ore and work will be resumed at this horizon shortly. Following completion of shaft sinking, the vein has been cut at a new level established at 700-ft. depth with conditions reported similar to those at the 550-ft. level.

After completion of further development, the company plans once more to resume milling operations. As a greater length of ore has been opened up on the 550-ft. level than was ever opened on any of the upper levels, chances are somewhat better for the establishment of a profitable operation. Of course, one level does not make a mine and a continuation of favorable development results will be necessary.

Coniagas Mines

Has there been any material change in the position of Coniagas Mines? I have held stock in the company since the early Cobalt days.

There has been no change in the position of Coniagas Mines the last few years. The company's chief investment remains in mining stocks, the most important shareholding being 434,700 shares in Coniaurum Mines. Regular dividends are received.

In addition to its holdings in mining stocks, the company has over $600,000 in government bonds and trustee investments which will be available for financing any likely new property that may be secured. A considerable amount is also invested in industrial stocks.

Prospecting and exploration activities have not been great in recent years and development expenses have consequently been low. The company participates in exploration with Howey Gold Mines, Northern Canada Mines, Prospectors Airways and Cyril Knight Prospecting Co., a method of covering much ground at low expense.

Earnings last year were 16 cents a share, somewhat lower than the 25 cents a share paid in dividends.

N. A. Molybdenum

Some time ago I purchased shares of North American Molybdenum at $1 a share; I was advised they would go much higher. Now the stock is offered at 18 cents with no bid. Have you any information on the company's situation?

Operations were suspended at North American Molybdenum Corp. when it was found that no Canadian market existed for molybdenum concentrates. Disappearance of the market was caused by completion of a contract between the British Government and Climax Molybdenum Co. in the United States whereby the British Government secured all its requirements of concentrates for the year 1940.

It is possible that any future contract will take into consideration the development of a source of supply in this country, but only a domestic market exists now. There have been some enquiries about concentrates in this country during the last month, however, but they are understood to be for delivery next year. Ottawa authorities are reported doing what they can to secure an outlet for possible Canadian production.

When work was suspended some preparations were being made to reach production, but there was no assurance that profitable operation could be carried on. A certain amount of milling machinery had been purchased and placed on the property but was not set up. Diamond drilling was reported by officials to have indicated some ore and it was proposed to mine this by a retreat method of mining. It is not likely that further steps will be taken to reach production until a market is assured.

Mining Concentrates

Agawa Porcupine Mines has secured court approval for an arrangement with its creditors. Under the agreement 6% is to be added to unsecured creditors claims from July 20 to Oct. 20, 1940, with principal and interest are to be capitalized over a period of years. The full balance is to become due if Agawa ceases to pay its current debts; incurs any default to its $29,400 mortgage bonds; or fails to make any payment by the date agreed upon.

* * *

Atlantic Manganese Corp. is operating a property of 5,000 acres in New Ross district, Nova Scotia. Three shafts have been put down with the deepest 255 ft. A fissure vein has been developed and ore is now being raised from two shafts, it is stated. Levels are at 100 and 150 ft. Up to Aug. 2, production of $8,000 had been obtained from 200 tons of ore. The mine is being operated by outside capital on a royalty basis.

* * *

Devon Gold Mines will pour its first gold brick around the middle of September, it is reported. The company's mill has a capacity of 175 tons daily for the crushing unit and 100 tons daily for cyanide equipment. Initial mill feed was taken from the surface dump in tuning up but after preliminary difficulties are overcome higher grade material will be fed from the mine workings. Average grade of reserves is estimated at between $10 and $11 a ton; a sorting plant to be installed may raise mill heads over this figure, it is believed.

* * *

Golden Gate Mining Co. has applied for listing two million additional shares on the Toronto Stock Exchange. The company has issued 500,000 shares in part payment for assets and undertakings of Crescent Kirkland Gold Mines following a meeting of shareholders last June. Issued capital is 3.5 million shares with 1.5 million shares still in the treasury.

* * *

Manor Gold Mines optioned 600,000 shares to James Easto on Aug. 22 in blocks of 200,000 shares at 3, 5 and 7½ cents a share payable within 12 months. Authorized capital is 2,666,831 shares of which 1,843,970 have been issued.

* * *

Lamaque Gold Mines has secured its regular quarterly dividend of 10 cents a share payable Oct. 1 to shareholders of record Sept. 10.

* * *

Norco Thompson completed an agreement on May 1, 1940, under which A. E. Dawson agreed to purchase 25,000 preference shares at 25 cents per share, payable $1,250 forthwith and $1,250 every 15 days thereafter. By a further agreement Mr. Dawson agreed to purchase 75,000 shares at 25 cents per share payable at the rate of $2,500 every 30 days. An option is granted on a further 300,000 shares at 30 to 55 cents per share payable 75,000 shares every 30 days after completion of the first two agreements. Authorized capital of the company is 500,000 no par preference shares and 150,000 no par common shares with 140,005 common shares issued.

* * *

O'Brien Gold Mines has declared a dividend of 5 cents per share payable Sept. 28 to shareholders of record Sept. 12. A dividend of similar amount was paid May 10 this year.

* * *

Pandora Cadillac Gold Mines has received consent from the Toronto Stock Exchange for release from pool of 1.4 million shares issued to Canadian Pandora Gold Mines for the company's original property. These shares were pooled at discretion of the Ontario Securities Commission and the Toronto Stock Exchange. The release is given in order that the old company may be wound up to affect a saving of expense.

* * *

Prospectors Airways Co. has cancelled the option held by C. H. E. Stewart, one of the company's engineers, on 10,000 shares at $1 a share.

* * *

Reno Gold Mines shareholders were informed at the company's annual meeting in Vancouver that exploration of the mother lode vein at greater depth was considered justified. The best of the three mother lode ore bodies on the main level was stated to have carried down to the 11th level. W. A. Sutton was elected to the board of directors.

* * *

Steep Rock Iron Mines expects to announce plans for new financing shortly with officials carrying on negotiations at the present time. Some difficulty was encountered in drilling and crosscutting at the 800-ft. level due to water flows and work has been temporarily suspended. When new financing arrangements have been completed work will be resumed with preparations expected for large-scale mining, probably by open pit methods.

* * *

Senator-Rouyn has made a payment of $5,000 to Arntfield Gold Mines under its agreement whereby Senator secures use of the Arntfield mill for six months with an option on an additional nine months.

* * *

Troy Consolidated optioned 600,000 shares to Cardigan Securities on Aug. 28 in blocks of 200,000 shares each at 5, 7 and 10 cents per share payable by Sept. 1, 1941. Authorized capital is 3.5 million shares with 1,615,091 issued.

* * *

Wanakirk-Rouyn Mines optioned 550,000 shares to N. L. Sandler on Aug. 27 as follows: 150,000 shares at 5 cents per share payable by Dec. 15; blocks of 100,000 shares at 6½ and 8½ cents a share payable by April 15, 1941, and 200,000 shares at 10½ to 15 cents per share payable by July 30, 1941. Authorized capital of the company is 3 million shares with 1,365,000 issued.

* * *

Zeballos (Pacific) Gold Mines has been incorporated with a British Columbia charter. Capitalization is 1.5 million shares of $1 par value.

Design Alloys To Fit Need

Growth of Alloy Age is Discussed in Engineering Journal Supplement

So great has been the advance in development of alloys the last 20 years that the metallurgist has now almost reached the point where he can "design" his alloy for the job he wishes performed, states Dr. Owen W. Ellis in a special technical supplement of The Engineering Journal, the official organ of the Engineering Institute of Canada.

Back in 1936, no less than 8,206 alloys were listed by an American publication testifying how this has become the alloy age. Now there are more. Alloys have sometimes been developed before the need for them arose. Now, however, it is generally easier to meet needs as they arise.

Duralumin Discovery

Development of alloys started early this century with Duralumin discovery in Germany. American research workers soon found that the "aging" of alloys was a more complex affair than the Germans realized. As a result of the discoveries in the United States, a considerable number of aluminum alloys have been developed, such as aluminum-copper, aluminum-iron, aluminum-magnesium and aluminum-nickel.

Ferrous Alloys

Recent studies have stressed the development of a number of cheap ferrous alloys which can be manufactured by present processes. High yield strength in the rolled or normalized state, weldability and resistance to corrosion are qualities desired in these alloys.

Resistance to corrosion is particularly desirable since it is essential that lighter sections in which these modern steels are used shall withstand corrosive attacks for longer times than the heavier sections of ordinary steel they are designed to replace.

Magnet Use Gains

The demand for permanent magnets of wide variety is continuously increasing. In the field of electrical engineering they are needed for wattmeters and other measuring instruments and find employment in snap switches such as are used in thermostatic devices for the control of fluid temperatures. Permanent magnets are now of importance in the radio industry, aircraft and automobiles.

There are four main groups of magnetic materials which are used in the manufacture of permanent magnets: Alloys of iron and steel; chromium, molybdenum and tungsten steels; high-cobalt steels; and iron - nickel - aluminum alloys. Chromium, molybdenum and particularly tungsten have improved magnetic qualities of steel, Dr. Ellis points out.

Naybob Puts Mine On Profit Basis

Operating Profit About $300,000 Last Year — August Output Record

Considerable improvement in financial and mine position is reported by Naybob Gold Mines for the fiscal year ended Aug. 31, 1940. Production was placed on a commercial basis for the first time in the company's history and operating profits in the neighborhood of $300,000 were realized.

Operating profits realized allowed liquidation of indebtedness and net current assets as at Aug. 31, 1940, were estimated at about $175,000. Expenditures of $88,000 were made during the year for reconditioning the cyanide mill completed early in 1939.

Ore Reserves Higher

As a result of new ore disclosures during the year, broken ore reserves totalling 38,000 tons averaging $9.81 a ton at $35 gold were built up and ore reserves in place were also increased.

Production for August is estimated at $58,000 from 4,600 tons of ore, a new record. In May, 1940, the previous record month, output was $51,655 from 4,350 tons of ore. Average grade is estimated to be a record in August at $12.61 a ton compared with $11.87 for last May.

Production for the 1940 fiscal year is estimated to have been around $531,000 from 51,000 tons of ore, an average recovery of $10.40 a ton. Experimental milling previously had given an average recovery of somewhat less than $4 a ton.

Recent development has opened the upward extension of the main No. 2 ore body on the 300-ft. level, establishing its commercial value on all horizons down to the 825-ft. level, a vertical range of 525 ft. Persistence to greater depth has been indicated by drilling from the bottom or 825-ft. level.

Britain Helps Her Exporters

Board of Trade Insures Against Loss From Foreign Insolvencies

Through the operation of a special department of the British Board of Trade, British exporters are furnished with what is virtually a type of credit insurance on all transactions with a foreign buyer.

In an article in the current issue of The Canadian Chartered Accountant discussing the operations of this department, it is emphasized that its functions are strictly to guarantee the exporter immunity from loss caused through the insolvency of a foreign buyer. Financial assistance is not included. That is left to the banks and financial houses.

The department known as the British Export Credits Guarantee Department was first started in 1919 when it became apparent that British exporters were faced with serious difficulties in their efforts to establish a sound export trade. There was a demand from many of the newer and smaller countries of Europe, but confidence was lacking in the stability of the situation and of overseas buyers in particular. Through degrees the plan developed until in 1931 the Comprehensive Guarantee was issued which was in effect a policy of insurance covering all export accounts of an exporter. Under this policy he is assured of receiving from the department 75% of all losses covered by the contract.

Must Supply Data

To get this guarantee, the applicant must supply full figures of his export trade for the past five years with details of his annual bad debt losses and a list of current overdue accounts.

The premium is described as nominal. Ordinarily the exporter has the choice of paying either:

1. A premium assessed on the basis of the department paying 75% of all losses covered by the policy.

2. A reduced premium in consideration of his bearing a first loss up to a stated figure, calculated with reference to his past experience, the department being responsible for 75% of bad debts in excess of the first loss figure.

This last plan is similar to an automobile collision insurance policy with a deductible clause providing that the insured will pay, say the first $50 of loss. In the case of the Export Credits Department, liability of the department is limited to 75% of either the whole loss or the excess over the first loss.

Exporters taking out the first guarantee, can also obtain another supplementary one, giving protection against loss where transfer of funds from a foreign country is prohibited by Government decree. This does not give protection against fluctuations in foreign exchange.

Waywasecapow Oil Co. Makes Stock Offering

From Our Own Correspondent

WINNIPEG.—With its No. 2 well drilling at 920 ft. and a strong odor of gas in the drilling mud, Waywasecapow Oil Co. Ltd. of Winnipeg, is making its first offering of stock.

The Waywasecapow Oil Co., for five years has been investigating conditions in the Birdtail Valley, 221 miles west and north of Winnipeg and very close to the southern base of the Riding Mountains. Necessary camp buildings were erected for the No. 1 well which was in the nature of a test and which gave showings of both gas and oil.

Difficulties were encountered when an attempt was made to make a commercial test with the equipment available, due to heaving shale beds of bentonitic nature at a high angle.

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"Why doesn't Somebody do Something?"

Calm down, Mr. Prescott—Here's the Answer

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CHARTERED ACCOUNTANTS

MODERN ACCOUNTING SYSTEMS

"All things are in a state of flux." So wrote the Roman poet Ovid 1,900 years ago. Shakespeare and Tennyson in their day, and other writers in more recent years have made similar observations of the changing order of their times.

It is safe to say that in no sphere of world affairs are changes and developments in greater evidence than in the field of industry. And these changes have far-reaching effects. For instance, the despatch with which modern business is conducted has rendered insufficient and obsolete many of the systems of former years of recording commercial transactions. Moreover, the emergence of taxing and other statutes during the past twenty-five years, with their numerous annual amplifications, has brought new responsibilities and problems to industrial enterprises. As an example of the new imposts on industry and the necessity for keeping more extensive records, it is only necessary to refer to the passage at the last session of Parliament of *The Excess Profits Tax Act*, *The Unemployment Insurance Act* and the National Defence Tax provisions of *The Income War Tax Act*.

Miscellaneous reports and annual returns for profits as provided for in these Acts must be made promptly to governments. The industrialist, then, must have up-to-date and effective systems of accounting. Here is one of the fields in which the chartered accountant has an important function, and to him the business man and others turn for advice on reorganizations of accounting systems in their enterprises.

One of a series of brief discussions of the work of the professional accountant.

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Here is Trouble That Can Be Avoided

Reciprocal succession duties is a forbidding problem, but manifold griefs can accrue from this system of double taxation. This article shows how different authorities charge an estate on the same asset, glances at the legalities of the situation — and shows what can be done to pay only just taxation, avoid the double levy.

By D. G. MACLEAN
Staff Writer, The Financial Post

Here is a predicament that threatens every Canadian of any means—unless the right thing is done about it at the right time.

Most Canadians have heard of the Hepburn hoe-down, Ontario's super-special inquisition for extracting wealth of the dead out of their heirs by succession duties.

Every province has succession duties, but the Hepburn archaeological expeditions into the dusty past, plus the fact that more estates of consequence are located in Ontario than in most of the provinces, have made that province a focus of the problem.

That aspect concerns the heirs. The dead are spared their trials and tribulations.

Here is an even more important aspect. It concerns Canadians, no matter of what province, with an estate, won by sweat, preserved by skill, for the benefit of those who are to come after.

Reciprocal succession duties is a forbidding name, but latent therein is enough trouble to make Old Testament scourges pale in comparison.

How can a man arrange his estate so as to avoid paying tax twice on the same property?

Forming a personal holding company seems to be the only solution.

Each Province Taxes

The whole trouble arises because each province levies these taxes not only on property situated within the province, but also in certain cases on transmission of all property other than real estate situated outside the province.

Result is that when a person dies succession duties may be payable in more than one provincial jurisdiction.

The same problem arises with property in another country, such as the United States, and owned by a resident of Canada.

According to established law and custom, property situated in any province is taxable by that province, no matter where the owner is living at time of death. A tax of this kind is regarded as a tax on the property.

Take the case of a man living in Quebec who owns property in Manitoba, let us say. If he bequeaths that farm to another living in Quebec, the heir must pay a tax. When property is taxed in this way the lawyers call it a transmission.

Owing to the restriction of provincial taxing powers to direct taxation, the province cannot tax on property outside its boundaries, unless there is such a transmission. Accordingly, for instance, if an Ontario testator leaves property located outside Ontario to an heir living outside Ontario there is no transmission. In this case, succession duties could be levied on those particular assets only in the jurisdiction where they are located.

Real Estate Excepted

By common consent of the provinces, real estate is not subject to succession duties outside the province in which it is located. But its value may be included in the whole estate for the purpose of establishing the rate of tax to be paid. Thus, if a man dies leaving an estate including property in Ontario worth $100,000 and a farm in Manitoba worth $10,000, Ontario would establish the rate to be charged for succession duties on $110,000 but would assess only on the $100,000. Manitoba, on the other hand, would charge succession duties on the $10,000 held within its boundaries.

Little difficulty is found in determining the domicile of an individual benefitting under a will. Taking Ontario as an example, if a resident of the province, having all his property situated within its boundaries, dies, leaving it all to people living in Ontario, there is no duplication of succession duties. Ontario is the only province that can collect. This fairly neat solution, of course, applies to very few estates of consequence.

But if he owns real estate, say, in Manitoba, then, as indicated, Manitoba can collect succession duties on that real estate, as cited above. Ontario would collect duty on all assets except the real estate. The situation in these circumstances is fairly simple.

Real estate is almost simple, in comparison with the legal knots in the case of a business, stocks and bonds, jewellery and other forms of wealth.

In these cases, the estate of a testator leaving these assets to somebody domiciled in Ontario will have to pay succession duties in that other province in which the property is located, as well as in Ontario, the province in which the transmission is made.

One province is directly concerned as the place where the property is located; the other province "horns in" because both the owner and beneficiary are located there. In one case the property is the fact; in the other, the transmission from one person to another.

Assets in One Province

Take the case of a man having all his assets located in one province, leaving a legacy to a person living in another. In such a case, only the one tax would have to be paid: to the jurisdiction where the owner and the property were situated. The fact that the beneficiary was living in another jurisdiction would mean that there was no transmission in law, and accordingly no additional tax would be levied.

The province in which the beneficiary lives does not levy succession duties on any bequest coming in which transfers property from another jurisdiction.

For instance, if a man in Quebec leaves property in Quebec or, for that matter, in Ontario, to a nephew resident in Ontario, the Ontario Government does not charge succession duties on that. The theory is that the province would welcome the transfer of property into its jurisdiction.

The same would apply as between a Canadian province and the United States.

For instance, a man in Ontario is left 1,000 shares of United States Steel by an uncle in New York. U.S. Steel stock, according to law, is regarded as property in the United States. It, therefore, would be liable to succession duties in United States, but no Canadian government would tax property of that kind, title to which was coming into the country.

It should be noted that with succession duties in the United States, the tax imposed by the federal authority is the one which merits the main consideration. Succession duties exist in some of the individual states, but the tangles they create are less important and less frequent.

Situs of Property

One succession duty problem which brings joy and lucre to the legal profession and grey hairs to heirs is the business of determining the location of property, or as the legal men call it, the situs. Obviously, there is no problem here as regards real estate. But the possibilities in the case of securities are almost infinite. It is on this question of situs that the possibilities of different taxation often depend.

As regards property such as jewellery, furniture, silverware, furs, etc., there is no great difficulty. Its situs is wherever it is actually located at time of death of the owner.

Thus, if a man living in Toronto has jewellery, silverware or furniture stored in Montreal, that property is actually and legally situated in Quebec province and, as such, is liable to succession duties by the Quebec government. If it should be bequeathed or transmitted by the Ontario owner to a resident of Ontario, the transmission would also be taxable.

But with securities the case is different.

Suppose a person in Toronto owns bonds or stocks of a Quebec company, or bonds of the Province of Quebec, or of the United States Government. He keeps these securities in a security vault in Toronto.

In the case of bonds, the physical location of these bonds themselves determines the situs. The law is quite clear on this point. Bonds representing a debt are considered actual property. Accordingly, their situs, or legal location, is where the actual bonds are at the time of death of the owner. Consequently, they are taxable in that jurisdiction. Bonds of Quebec province, Nova Scotia or United States Government or of a corporation located in British Columbia or New Brunswick, let us say, if in a strong box in Toronto at the time the owner dies, would be regarded as property situated in Ontario.

Outside the Province

But suppose a man is living in Toronto and has bonds in a strong box in New York or in Montreal.

General legal opinion is that if he bequeathed them to somebody in Ontario, double succession duties would have to be paid, one to the jurisdiction where the bonds are located, which, in this case, would be either Quebec province or the United States; the second tax on the transmission within his own province.

But if, on the other hand, he left these bonds to somebody in Quebec, the United States, Alberta, or anywhere else, there would only be the one succession duty payable: that in the jurisdiction where the bonds were located at the time of the owner's death. There would be no direct transmission within the province.

Authorities state that this is the general custom, even in the case of registered bonds. The situs is where the bonds are actually located when the owner dies, as long as they are a direct obligation of the corporation or jurisdiction issuing them and carry the official seal of the issuing body.

In stocks, however, there has been a great deal of conflict. The lawyers argue as to whether stock certificates are actually property or not.

Unlike bonds, they do not represent a debt: they represent a share in certain physical assets. Here is seldom little relationship between the residence of the owner, the situs of the stock certificates and the location of the assets they represent.

Who gets the succession duties? The place where the certificate is held, or the place where the property represented is?

Most legal authorities hold that the situs or location of stocks for succession duties purposes is any place where they can be effectively dealt in.

By "effectively dealt in" is meant not only the actual buying and selling of the shares, but the transfer of them through regular transfer agents from one owner to another. In plain words, the situs is where the stocks can be transferred.

But to complicate matters suitably it make a great difference, in some instances, whether the company is a Dominion incorporation or a provincial one.

The Dominion Companies Act provides that companies may establish branch register and transfer offices anywhere in Canada or outside the country. Practically all Dominion incorporated companies have taken advantage of this, at least in so far as having transfer offices in different provinces. Most of the larger ones have transfer and register offices in other countries, especially in the United States.

The result is that if an American owns shares in any Dominion incorporated company and the shares are registered on the transfer books of the company in New York, the shares as property are considered to be actually located there and no Canadian government can tax them for succession duties unless there is a transmission within a province of Canada. The same applies among the Canadian provinces.

Among the Provinces

If a resident of Ontario, say, owns shares in a company like Shawinigan Water and Power, which has its properties in the province of Quebec, the situs of the shares would depend on where they are transferable. Likewise, if a resident of Quebec owns shares in a company such as Noranda, which has its head office in Ontario and a large part of its property in Quebec, the situs of the stock would be where it was transferable. Another case might be Consolidated Smelters, which has its head office in Montreal, its properties mainly in British Columbia, and the stock transferable in Montreal, Toronto, Vancouver or New York. The situs of the shares for succession duties would be where they could be transferred. But there are a number of Ontario incorporated companies, stock of which may be held both in and out of Canada.

The law as regards the situs varies in such cases. In certain instances, Ontario incorporated companies have been given authority in their charters to establish branch registry offices. Other Ontario incorporated companies lack such authority.

In these cases an American, for instance, buying stocks in one of these companies cannot have the stocks registered or transferred in his own country. Hence, since the property is located in a Canadian province, it is taxed by the provincial jurisdiction.

A famous case on this point is that of the Erie Beach Corp., an Ontario incorporation with head office at Fort Erie, operating under an Ontario charter. It, however, kept a set of books at Buffalo and transferred shares there.

A succession duty case arose in which Ontario attempted to collect succession duties on stock held in the United States. The claim was disputed and went to the Privy Council. That body found that the company, being an Ontario incorporation, with no special clauses in its charter giving it power to establish transfer offices out of the country, could not do so. Accordingly, it gave its decision in favor of the province.

A Case in Point

A more recent case decided in the Ontario courts is the Williams case. The circumstances were these:

A man named Williams, living in Buffalo, owned certain real estate, bank balances and securities in Ontario, including shares in Lake Shore Gold Mines, an Ontario incorporated company. His executors, on his death, filed a statement showing the assets in Ontario, but claimed that the Lake Shore shares were property situated outside the province and not liable to succession duties. There was no question of transmission within the province. The provincial treasurer maintained that the shares were property in Ontario, because the company was an Ontario incorporation, therefore taxable.

At time of the testator's death, by authority of the company's directors, there were two transfer agents, the Trusts and Guarantee Co. at Toronto and the Manufacturers and Traders Trust Co. at Buffalo. There were also two registrars, the Royal Trust Co. at Toronto and the Manufacturers and Traders Trust Co. at Buffalo.

Accordingly, the judge argued, a shareholder desiring to transfer his shares could do so either in Toronto or Buffalo. He held that the transfer books and registers kept by the duly designated transfer agents and registrars of the company were legally the books of the company and as such complied with the provisions of the Ontario act. Hence, with the shares situate outside Ontario and it being possible to transfer and register them outside Ontario, the legal situs was also outside the province. Accordingly, he found against the claim of the provincial treasurer. The decision, at present, is under appeal.

No Reciprocity

Some years ago reciprocal arrangements were in force between Ontario, Quebec and Alberta, and between Ontario and certain British countries, such as the United Kingdom, Trinidad and Tobago, providing an equitable "saw-off" between jurisdictions and sparing the individual double taxation. These arrangements have all been rescinded, however. From time to time efforts to have reciprocal arrangements completed between the provinces have been made, but with little result.

The injustice which may result due to the duplication of taxation is patent. Two estates of equal size are owned entirely in Ontario. In the case of one, with all the property and all beneficiaries situated in Ontario, only one tax has to be paid. In the other, if the owner and beneficiary are domiciled in Ontario, but the property or part of it situated outside the province, double duties would be paid. Ontario will impose succession duties on the whole property, the part outside Ontario being subject to taxation because there was a transmission. The jurisdiction in which the property is located will also charge succession duties.

Personal Holding Company

At present, the only way in which the owner of a large estate with investments in various provinces or in the United States can avoid payment of double succession duties appears to be by forming a personal holding company. Thereby he can, in his lifetime, transfer to it all his stocks and bonds, etc., of companies located outside Ontario; also his Ontario assets. In exchange, he acquires shares in the holding company. At the time of his death, his estate consists of shares in the holding company, the head office of which is in Ontario. His estate does not include shares in various companies with head offices and properties located in other jurisdictions.

Although the owner of the person holding company may die, the personal holding company itself does not die. Accordingly the estate is liable for succession duties only to the province of Ontario, and only on the shares of the holding company. But as the holding company has not died, the assets which it owns do not become liable to duty.

Double succession duties by the Canadian provinces would be wiped out if these duties were put entirely under Dominion jurisdiction as recommended so strongly by the report of the Rowell-Sirois Commission.

Another advantage for Dominion jurisdiction is that it would be very much easier for the Canadian Government to negotiate reciprocal arrangements with foreign jurisdictions, such as the United States.

So far it has proved impossible to get all the provinces lined up on any mutual deal either among themselves or for a deal with other countries.

Meanwhile, the man of property needs to plan carefully today against legal hijacking of his estate on some unknown tomorrow.

Municipal Reports

Kingston, Ont.

Net debenture debt of Kingston, Ont., at Dec. 31, last, of over $1.4 million is down about $158,000 from a year previous. Other liabilities at $128,351 were more than cut in half. Tax arrears were reduced and reserve for this account increased.

A surplus of $8,000 compared with a small deficit in 1938.

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Revenue	920,049	970,025
Expenditure	912,025	970,516
Taxable assess.	19,410,689	19,179,907
Exemp. not incl.	9,016,930	8,982,920
Total tax arrears	166,406	181,574
Curr. tax levy	822,023	865,393
Curr. tax arrears	97,756	96,881
Tax arrears reserve	74,382	67,623
Tax rate (mills)	41.2	43.7
Assets and Liabilities		
Total deb. debt	2,667,665	2,906,737
Total sink fund	1,225,516	1,306,544
Other liabilities	128,351	263,817

Toronto

Toronto reports a deficit of $152,277 for 1939, compared with a surplus of $418,147 in the previous year. The deficit is attributed by Finance Commissioner George Wilson to unforeseen expenses resulting from the outbreak of war. These included war protection measures and additional United States exchange.

Total tax arrears at slightly over $6 millions show a substantial decrease. Bank loans have increased considerably, and the decline in other liabilities is not sufficient to offset this.

Income and Assessment
Years Ended Dec. 31

	1939 $	1938 $
Revenue	39,121,838	39,904,021
Expenditure	39,274,115	39,485,874
Total assessment	968,036,602	970,032,667
Exemps. not incl.	158,423,249	159,476,885
Tax arrears	6,010,936	6,936,775
Curr. tax levy	33,697,114	35,269,096
Curr. tax arrears	3,928,469	4,696,185
Tax rate	34.75	34.75
Assets and Liabilities		
Total assets	165,553,476	173,440,012
Total debenture debt	147,434,575	158,558,185
Total sinking fund	31,080,151	28,995,939
Bank loans	9,431,969	5,696,340
Other curr. liabs.	4,580,743	6,361,865
Capital liabs. other than deb. debt	1,378,546	1,465,806

Ottawa Explains the Why Of Red Cross Hospitals

From Our Own Correspondent

OTTAWA. — Announcement that the national defense department has called on the Red Cross to assist in providing eight convalescent hospitals in Canada has led to enquiries from the general public in respect to two points.

If hospitals are required why should the cost not be a direct charge on the taxpayers rather than a matter for charitable donations?

The answer given by officials is that these are not to be hospitals in the usual sense of the word. They will be really rest homes for soldiers who are convalescing. The very expensive equipment which goes with a modern military hospital will not be needed.

The second question is: why are such hospitals to come under the Department of National Defense since the Department of Pensions and National Health already operates hospitals?

The answer is that a clear division exists between the functions of the two departments in the matter of hospitals. The defense department has charge of the fighting services and of the men who are still, potentially, combatants. After a man is unfit for further service, he passes into the non-combative sphere and becomes a charge on the pensions and health department.

These hospitals are to be for combatants. It is pointed out that the Red Cross assisted in this phase of the war effort in 1914-18.

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